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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2006

[ ] 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.)

Unisys Way 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 [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer [X] Accelerated Filer [ ] Non-Accelerated Filer [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES [ ] NO [X]

Number of shares of Common Stock outstanding as of March 31, 2006 343,012,266.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	March 31, 2006 (Unaudited)	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$ 980.2	$ 642.5
Accounts and notes receivable, net	1,066.4	1,111.5
Inventories:		
Parts and finished equipment	100.8	103.4
Work in process and materials	88.0	90.7
Deferred income taxes	88.1	68.2
Prepaid expenses and other current assets	158.1	137.0

Total	2,481.6	2,153.3
Properties	1,339.3	1,320.8
Less-Accumulated depreciation and amortization	963.7	934.4
Properties, net	375.6	386.4
Outsourcing assets, net	407.0	416.0
Marketable software, net	320.4	327.6
Investments at equity	1.1	207.8
Prepaid pension cost	1,333.2	66.1
Deferred income taxes	138.4	138.4
Goodwill	192.1	192.0
Other long-term assets	138.3	141.3
Total	$5,387.7	$4,028.9
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 19.7	$ 18.1
Current maturities of long-term debt	58.7	58.8
Accounts payable	445.3	444.6
Other accrued liabilities	1,403.0	1,293.3
Total	1,926.7	1,814.8
Long-term debt	1,049.1	1,049.0
Accrued pension liabilities	351.9	506.9
Other long-term liabilities	679.1	690.8
Stockholders' equity (deficit)		
Common stock, shares issued: 2006; 345.1 2005, 344.2	3.5	3.4
Accumulated deficit	(2,136.0)	(2,108.1)
Other capital	3,922.8	3,917.0
Accumulated other comprehensive loss	(409.4)	(1,844.9)
Stockholders' equity (deficit)	1,380.9	(32.6)
Total	$5,387.7	$4,028.9

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Millions, except per share data)

	Three Months Ended March 31	
	2006	2005
Revenue		
Services	$1,176.4	$1,107.7
Technology	211.4	258.9
	1,387.8	1,366.6
Costs and expenses		
Cost of revenue:		
Services	1,076.5	981.4
Technology	109.4	124.9
	1,185.9	1,106.3
Selling, general and administrative	295.4	261.6
Research and development	75.3	64.9
	1,556.6	1,432.8
Operating loss	(168.8)	(66.2)
Interest expense	19.8	12.6
Other income (expense), net	153.4	.5
Loss before income taxes	(35.2)	(78.3)
Benefit for income taxes	(7.3)	(32.8)
Net loss	$ (27.9)	$ (45.5)
Loss per share		
Basic	$ (.08)	$ (.13)
Diluted	$ (.08)	$ (.13)

See notes to consolidated financial statements.

UNISYS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Millions)

	Three Months Ended March 31	
	2006	2005
Cash flows from operating activities		
Net loss	$ (27.9)	$ (45.5)
Add (deduct) items to reconcile net loss to net cash provided by operating activities:		
Equity loss	4.3	4.3
Employee stock compensation (income)	1.7	(.4)
Depreciation and amortization of properties	30.3	30.0
Depreciation and amortization of outsourcing assets	35.0	34.7
Amortization of marketable software	33.1	28.5
Gain on sale of NUL shares and other assets	(153.2)	
Increase in deferred income taxes, net	(19.8)	(.3)
Decrease in receivables, net	67.0	90.5
Decrease (increase) in inventories	4.3	(6.5)
Increase (decrease) in accounts payable and other accrued liabilities	94.5	(225.1)
(Decrease) increase in other liabilities	(14.6)	97.7
Increase in other assets	(30.8)	(16.4)
Other	3.0	35.3
Net cash provided by operating activities	26.9	26.8
Cash flows from investing activities		
Proceeds from investments	1,869.3	1,779.9
Purchases of investments	(1,870.6)	(1,776.8)
Investment in marketable software	(27.1)	(33.0)
Capital additions of properties	(21.6)	(22.4)
Capital additions of outsourcing assets	(24.6)	(41.9)
Proceeds from sale of NUL shares and other assets	380.6	
Net cash provided by (used for) investing activities	306.0	(94.2)
Cash flows from financing activities		
Net proceeds from short-term borrowings	1.6	1.7
Proceeds from employee stock plans	.6	6.6
Payments of long-term debt		(150.3)
Net cash provided by (used for) financing activities	2.2	(142.0)
Effect of exchange rate changes on cash and cash equivalents	2.6	(9.5)
Increase (decrease) in cash and cash equivalents	337.7	(218.9)
Cash and cash equivalents, beginning of period	642.5	660.5
Cash and cash equivalents, end of period	$ 980.2	$ 441.6

See notes to consolidated financial statements.

Unisys Corporation
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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 except as disclosed herein. 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. The following table shows how earnings (loss) per share were computed for the three months ended March 31, 2006 and 2005 (dollars in millions, shares in thousands):

	Three Months Ended March 31,	
	2006	2005
Basic Loss Per Share		
Net loss	$ (27.9)	$ (45.5)
Weighted average shares	342,458	338,248
Basic loss per share	$ (.08)	$ (.13)
Diluted Loss Per Share		
Net loss	$ (27.9)	$ (45.5)
Weighted average shares	342,458	338,248
Plus incremental shares from assumed conversions of employee stock plans	-	-
Adjusted weighted average shares	342,458	338,248
Diluted loss per share	$ (.08)	$ (.13)

At March 31, 2006, no shares related to employee stock plans were included in the computation of diluted earnings per share since inclusion of these shares would be antidilutive because of the net loss incurred in the three months ended March 31, 2006.

b. As part of the company's repositioning plan to right size its cost structure, on March 31, 2006, the company committed to a reduction of approximately 3,600 employees. This resulted in a pretax charge in the first quarter of 2006 of $145.9 million, principally related to severance costs. The charge is broken down as follows: (a) approximately 1,600 employees in the U.S. for a charge of $50.3 million and (b) approximately 2,000 employees outside the U.S. for a charge of $95.6 million. The employee reductions are expected to be substantially completed by the end of 2006. The company anticipates that these actions will yield approximately $250 million of annualized cost savings on a run-rate basis by the end of 2006. The pretax charge was recorded in the following statement of income classifications: cost of revenue-services, $83.4 million; cost of revenue-technology, $2.0 million; selling, general and administrative expenses, $45.4 million; research and development expenses, $17.6 million; and other income (expense), net, $2.5 million. The income recorded in other income (expense), net relates to minority shareholders' portion of the charge related to majority owned subsidiaries which are fully consolidated by the company. The company is also in the process of identifying additional cost reduction actions, primarily in Continental Europe, for which it expects to take a charge in the second quarter of 2006.

On March 31, 2006, the company and its lenders entered into an amendment to the company's $500 million credit agreement modifying the financial covenants to provide the necessary flexibility to record the above charge.

c. On March 17, 2006, the company adopted changes to its U.S. defined benefit pension plans effective December 31, 2006, and will increase matching contributions to its defined contribution savings plan beginning January 1, 2007. The changes to the U.S. plans are part of a global effort by the company to provide a competitive retirement program while controlling the level and volatility of retirement costs.

The changes to the U.S. pension plans affect most U.S. employees and senior management. They include:

* Ending the accrual of future benefits in the company's defined benefit pension plans for employees effective December 31, 2006. There will be no new entrants to the plans after that date.

* Increasing the company's matching contribution under the company savings plan to 100 percent of the first 6 percent of eligible pay contributed by participants, up from the current 50 percent of the first 4 percent of eligible pay contributed by participants. The company match is made in stock.

The changes do not affect the vested accrued pension benefits of current and former employees, including Unisys retirees, as of December 31, 2006.

As a result of the amendment to stop accruals for future benefits in its U.S. defined benefit pension plans, the company recorded a pretax curtailment gain of $45.0 million in the first quarter of 2006. U.S. GAAP pension accounting rules require companies to re-measure both plan assets and obligations whenever a significant event occurs, such as a plan amendment. The company has performed such re-measurement as of March 31, 2006. As a result of the re-measurement, the company's U.S. qualified defined benefit pension plan is no longer in a minimum liability position and accordingly, the company has reclassified its prepaid pension asset from other comprehensive income to a prepaid pension asset on its balance sheet. Based on the changes to the U.S. plans, the March 31, 2006 re-measurement and including the $45.0 million curtailment gain, the company currently expects its 2006 worldwide pension expense to be approximately $141 million, down from $181 million in 2005. The expected pension expense in 2006 is based on actuarial assumptions and on assumptions regarding interest rates and currency exchange rates, all of which are subject to change. Accordingly the expected expense amount could change.

Net periodic pension expense (income) for the three months ended March 31, 2006 and 2005 is presented below (in millions of dollars):

	Three Months Ended March 31, 2006			Three Months Ended March 31, 2005		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	$ 29.8	$ 18.4	$ 11.4	$ 31.7	$ 19.1	$ 12.6
Interest cost	94.9	68.1	26.8	93.1	65.3	27.8
Expected return on plan assets	(119.9)	(90.7)	(29.2)	(121.0)	(90.3)	(30.7)
Amortization of prior service (benefit) cost	(.3)	(.5)	.2	(1.3)	(1.9)	.6
Recognized net actuarial loss	48.4	36.5	11.9	44.3	34.1	10.2
Curtailment gain	(45.0)	(45.0)				
Net periodic pension expense (income)	$ 7.9	$(13.2)	$21.1	$ 46.8	$ 26.3	$20.5

The company currently expects to make cash contributions of approximately $70 million to its worldwide defined benefit pension plans in 2006 compared with $71.6 million in 2005. For the three months ended March 31, 2006 and 2005, $18.4 million and $15.6 million, respectively, of cash contributions have been made. In accordance with regulations governing contributions to U.S. defined benefit pension plans, the company is not required to fund its U.S. qualified defined benefit pension plan in 2006.

Net periodic postretirement benefit expense for the three months ended March 31, 2006 and 2005 is presented below (in millions of dollars):

	Three Months Ended March 31, 2006	2005
Interest cost	$3.2	$3.5
Expected return on assets	(.1)	(.1)
Amortization of prior service benefit	(.5)	(.5)
Recognized net actuarial loss	1.3	1.6
Net periodic postretirement benefit expense	$3.9	$4.5

The company expects to make cash contributions of approximately $28 million to its postretirement benefit plan in 2006 compared with $26.4 million in 2005. For the three months ended March 31, 2006 and 2005, $6.1 million and $7.4 million, respectively, of cash contributions have been made.

d. In March 2006, the company sold all of the shares it owned in Nihon Unisys, Ltd. (NUL), a publicly traded Japanese company. The company received gross proceeds of $378.1 million and recognized a pretax gain of $149.9 million in the first quarter of 2006. NUL will remain the exclusive distributor of the company's hardware and software in Japan.

At December 31, 2005, the company owned approximately 29% of the voting common stock of NUL. The company accounted for this investment by the equity method, and, at December 31, 2005, the amount recorded in the company's books for the investment, after the reversal of a minimum pension liability adjustment, was $243 million. During the years ended December 31, 2005, 2004, 2003, and for the three months ended March 31, 2006 and 2005, the company recorded equity income (loss) related to NUL of $9.1 million, $16.2 million, $18.2 million, $(4.2) million and $(4.3) million, respectively. These amounts were recorded in "Other income (expense), net" in the company's consolidated statements of income.

e. Under the company's stockholder approved stock-based plans, stock options, stock appreciation rights, restricted stock and restricted stock units may be granted to officers, directors and other key employees. At March 31, 2006, 13.4 million shares of unissued common stock of the company were available for granting under these plans.

As of March 31, 2006, the company has granted non-qualified stock options and restricted stock units under these plans. Prior to January 1, 2006, the company applied the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for those plans, whereby for stock options, at the date of grant, no compensation expense was reflected in income, as all stock options granted had an exercise price equal to or greater than the market value of the underlying common stock on the date of grant. Pro forma information regarding net income and earnings per share was provided in accordance with Statement of Financial Accounting Standards (SFAS) No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" (SFAS No. 148), as if the fair value method defined by SFAS No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123) had been applied to stock-based compensation. For purposes of the pro forma disclosures, the estimated fair value of stock options was amortized to expense over the options' vesting period.

Effective January 1, 2006, the company adopted SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123R), which replaces SFAS No. 123 and supersedes APB Opinion No. 25. SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The company adopted SFAS No. 123R using the modified-prospective transition method, which requires the company, beginning January 1, 2006 and thereafter, to expense the grant date fair value of all share-based awards over their remaining vesting periods to the extent the awards were not fully vested as of the date of adoption and to expense the fair value of all share-based awards granted subsequent to December 31, 2005 over their requisite service periods. Stock-based compensation expense for all share-based payment awards granted after January 1, 2006 is based on the grant-date fair value estimated in accordance with the provisions of SFAS No. 123R. The company recognizes compensation cost net of a forfeiture rate and recognizes the compensation cost for only those awards expected to vest on a straight-line basis over the requisite service period of the award, which is generally the vesting term. The company estimated the forfeiture rate based on its historical experience and its expectations about future forfeitures. As required under the modified- prospective transition method, prior periods have not been restated. In March 2005, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 107 (SAB 107) regarding the SEC's interpretation of SFAS No. 123R and the valuation of share-based payments for public companies. The company has applied the provisions of SAB 107 in its adoption of SFAS No. 123R. The company records share-based payment expense in selling, general and administrative expenses.

The company's stock option and time-based restricted stock unit grants include a provision that if termination of employment occurs after the participant has attained age 55 and completed 5 years of service with the company, or for directors, the completion of 5 years of service as a director, the participant shall continue to vest in each of his or her awards in accordance with the vesting schedule set forth in the applicable award agreement. For purposes of the pro forma information required to be disclosed by SFAS No. 123, the company recognized compensation expense over the vesting period. Under SFAS No. 123R, compensation expense is recognized over the period through the date that the employee first becomes eligible to retire and is no longer required to provide service to earn the award. For grants prior to January 1, 2006, compensation expense continues to be recognized under the prior method; compensation expense for awards granted after December 31, 2005 is recognized over the period to the date the employee first becomes eligible for retirement.

Options have been granted to purchase the company's common stock at an exercise price equal to or greater than the fair market value at the date of grant. Options granted before January 1, 2005 generally have a maximum duration of ten years and were exercisable in annual installments over a four-year period following date of grant. Stock options granted after January 1, 2005 generally have a maximum duration of five years and become exercisable in annual installments over a three-year period following date of grant. On September 23, 2005, the company accelerated the vesting of all of its then-issued unvested stock options. On December 19, 2005, the company granted fully vested stock options to purchase a total of 3.4 million shares of the company's common stock at an exercise price of $6.05, the fair market value of the company's common stock on December 19, 2005.

Prior to January 1, 2006, restricted stock units had been granted and were subject to forfeiture upon employment termination prior to the release of the restrictions. Compensation expense resulting from these awards is recognized as expense ratably from the date of grant until the date the restrictions lapse and is based on the fair market value of the shares at the date of grant.

For stock options issued both before and after adoption of SFAS No. 123R, the fair value is estimated at the date of grant using a Black-Scholes option pricing model. As part of its adoption of SFAS No. 123R, for stock options issued after December 31, 2005, the company reevaluated its assumptions in estimating the fair value of stock options granted. Principal assumptions used are as follows: (a) expected volatility for the company's stock price is based on historical volatility and implied market volatility, (b) historical exercise data is used to estimate the options' expected term, which represents the period of time that the options granted are expected to be outstanding, and (c) the risk-free interest rate is the rate on zero-coupon U.S. government issues with a remaining term equal to the expected life of the options. The company recognizes compensation expense for the fair value of stock options, which have graded vesting, on the straight-line basis over the requisite service period of the awards.

The fair value of stock option awards was estimated using the Black-Scholes option pricing model with the following assumptions and expected weighted-average fair values as follows:

	Three Months Ended March 31,	
	2006	2005
Weighted-average fair value of grant	$2.59	$3.27
Risk-free interest rate	4.35%	3.43%
Expected volatility	45.88%	55.00%
Expected life of options in years	3.67	3.50
Expected dividend yield	-	-

Prior to January 1, 2006, the company would grant an annual stock option award to officers, directors and other key employees generally in the first quarter of a year. For 2006, this annual stock option award has been replaced with restricted stock unit awards. The company currently expects to continue to grant stock option awards, principally to newly hired individuals. The restricted stock unit awards granted in March of 2006 contain both time-based units (25% of the grant) and performance-based units (75% of the grant). The time-based units vest in three equal annual installments beginning with the first anniversary of the grant, and the performance-based units vest in three equal annual installments, beginning with the first anniversary of the grant, based upon the achievement of pretax profit and revenue growth rate goals in 2006, 2006-2007, and 2006-2008, for each installment, respectively. Each performance-based unit will vest into zero to 1.5 shares depending on the degree to which the performance goals are met. Compensation expense resulting from these awards is recognized as expense ratably for each installment from the date of grant until the date the restrictions lapse and is based on the fair market value at the date of grant and the probability of achievement of the specific performance-related goals.

During the three months ended March 31, 2006, the company recorded $1.7 million of share-based compensation expense, which is comprised of $1.6 million of restricted stock unit expense and $.1 million of stock option expense.

The adoption of SFAS No. 123R had an immaterial impact to income before income taxes and net income for the three months ended March 31, 2006.

A summary of the status of stock option activity for the three months ended March 31, 2006 follows (shares in thousands):

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value ($ in millions)
Outstanding at December 31, 2005	47,536	$16.54		
Granted	229	6.62		
Exercised	(100)	6.25		
Forfeited and expired	(702)	13.04		
Outstanding at March 31, 2006	46,963	16.57	4.89	$3.8
Vested and expected to vest at March 31, 2006	46,963	16.57	4.89	3.8
Exercisable at March 31, 2006	46,474	16.68	4.89	3.6

The aggregate intrinsic value in the above table reflects the total pretax intrinsic value (the difference between the company's closing stock price on the last trading day of the period and the exercise price of the options, multiplied by the number of in-the-money stock options) that would have been received by the option holders had all option holders exercised their options on March 31, 2006. The intrinsic value of the company's stock options changes based on the closing price of the company's stock. The total intrinsic value of options exercised for the three months ended March 31, 2006 and March 31, 2005 was immaterial. As of March 31, 2006, $1.2 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.8 years.

A summary of the status of restricted stock unit activity for the three months ended March 31, 2006 follows (shares in thousands):

	Restricted Stock Units	Weighted-Average Grant Date Fair Value

Outstanding at December 31, 2005	352	$8.89
Granted	1,681	6.65
Vested	(128)	7.62
Forfeited and expired	(11)	11.08
Outstanding at March 31, 2006	1,894	6.97

The fair value of restricted stock units is determined based on the average of the high and low trading price of the company's common shares on the date of grant. The weighted-average grant-date fair value of restricted stock units granted during the three months ended March 31, 2006 and 2005 was $6.65 and $7.62, respectively. As of March 31, 2006, there was $10.3 million of total unrecognized compensation cost related to outstanding restricted stock units granted under the company's plans. That cost is expected to be recognized over a weighted-average period of 1.9 years. The total fair value of restricted share units vested during the three months ended March 31, 2006 was $.8 million. No restricted share units vested during the three months ended March 31, 2005.

For the three months ended March 31, 2005, the following table illustrates the effect on net income and earnings per share if the company had applied the fair value recognition provisions of SFAS No. 123 (in millions of dollars, except per share amounts):

	Three Months Ended March 31, 2005
Net loss as reported	$(45.5)
Deduct total stock-based employee compensation expense determined under fair value method for all awards, net of tax	(5.7)
Pro forma net loss	$(51.2)
Loss per share	
Basic - as reported	$ (.13)
Basic - pro forma	$ (.15)
Diluted - as reported	$ (.13)
Diluted - pro forma	$ (.15)

Common stock issued upon exercise of stock options or upon lapse of restrictions on restricted stock units are newly-issued shares. Cash received from the exercise of stock options for the three months ended March 31, 2006 and 2005 was $.6 million and $.3 million, respectively. The company did not realize any tax benefits from the exercise of stock options or upon issuance of stock upon lapse of restrictions on restricted stock units in light of its tax asset carryforwards. Prior to the adoption of SFAS No. 123R, the company presented such tax benefits as operating cash flows. Upon the adoption of SFAS No. 123R, tax benefits resulting from tax deductions in excess of the compensation cost recognized are classified as financing cash flows.

f. The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services - consulting and systems integration, outsourcing, infrastructure services and core maintenance; Technology - enterprise-class servers and specialized technologies.

The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profits on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services engagements. The amount of such profit included in operating income of the Technology segment for the three months ended March 31, 2006 and 2005 was $1.3 million and $4.8 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments based principally on revenue, employees, square footage or usage.

A summary of the company's operations by business segment for the three-month periods ended March 31, 2006 and 2005 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended March 31, 2006				
Customer revenue	$1,387.8		$1,176.4	$ 211.4
Intersegment		$ (42.6)	3.4	39.2
Total revenue	$1,387.8	$ (42.6)	$1,179.8	$ 250.6
Operating loss	$ (168.8)	$ (144.8)	$ (10.5)	$ (13.5)
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
Operating income (loss)	$ (66.2)	$ (10.4)	$ (75.1)	$ 19.3

Presented below is a reconciliation of total business segment operating income (loss) to consolidated loss before income taxes (in millions of dollars):

	Three Months Ended March 31 2006	2005
Total segment operating loss	$ (24.0)	$(55.8)
Interest expense	(19.8)	(12.6)
Other income (expense), net	153.4	.5
Cost reduction charge	(145.9)	
Corporate and eliminations	1.1	(10.4)
Total loss before income taxes	$ (35.2)	$(78.3)

Customer revenue by classes of similar products or services, by segment, is presented below (in millions of dollars):

	Three Months Ended March 31 2006	2005
Services		
Consulting and systems integration	$ 381.3	$ 369.8
Outsourcing	455.2	400.2
Infrastructure services	225.0	202.8
Core maintenance	114.9	134.9
	1,176.4	1,107.7
Technology		
Enterprise-class servers	168.1	198.2
Specialized technologies	43.3	60.7
	211.4	258.9
Total	$1,387.8	$1,366.6

g. Comprehensive income (loss) for the three months ended March 31, 2006 and 2005 includes the following components (in millions of dollars):

	2006	2005
Net loss	$ (27.9)	$(45.5)
Other comprehensive income (loss)		
Cash flow hedges		
Income (loss), net of tax of $ - and $1.3	.2	2.3
Reclassification adjustments, net of tax of $ - and $.7	(.2)	1.4
Foreign currency translation adjustments	(10.5)	15.8
Reversal of U.S. minimum pension liability	1,446.0	-
Total other comprehensive income	1,435.5	19.5
Comprehensive income (loss)	$1,407.6	$(26.0)

Accumulated other comprehensive income (loss) as of December 31, 2005 and March 31, 2006 is as follows (in millions of dollars):

	Total	Translation Adjustments	Cash Flow Hedges	Minimum Pension Liability
Balance at December 31, 2005	$(1,844.9)	$(627.3)	$ .1	$(1,217.7)
Change during period	1,435.5	(10.5)	-	1,446.0
Balance at March 31, 2006	$ (409.4)	$(637.8)	$ .1	$ 228.3

h. For equipment manufactured by the company, the company warrants that it will substantially conform to relevant published specifications for 12 months after shipment to the customer. The company will repair or replace, at its option and expense, items of equipment that do not meet this warranty. For company software, the company warrants that it will conform substantially to then-current published functional specifications for 90 days from customer's receipt. The company will provide a workaround or correction for material errors in its software that prevents its use in a production environment.

The company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time revenue is recognized. Factors that affect the company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The company quarterly assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. Presented below is a reconciliation of the aggregate product warranty liability (in millions of dollars):

	Three Months Ended March 31,	
	2006	2005
Balance at beginning of period	$ 8.0	$11.6
Accruals for warranties issued during the period	2.9	2.4
Settlements made during the period	(2.4)	(2.9)
Changes in liability for pre-existing warranties during the period, including expirations	.8	(.1)
Balance at March 31	$ 9.3	$11.0

i. Cash paid during the three months ended March 31, 2006 and 2005 for income taxes was $19.9 million and $41.3 million, respectively.

Cash paid during the three months ended March 31, 2006 and 2005 for interest was $11.6 million and $16.5 million, respectively.

j. Effective January 1, 2006, the company adopted SFAS No. 151, "Inventory Costs an amendment of ARB No. 43, Chapter 4" (SFAS No. 151). SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, handling costs and wasted material (spoilage). Among other provisions, the new rule requires that such items be recognized as current-period charges, regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. Adoption of SFAS No. 151 did not have a material effect on the company's consolidated financial position, consolidated results of operations, or liquidity.

k. Certain prior year amounts have been reclassified to conform with the 2006 presentation.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

For the three months ended March 31, 2006, the company reported a net loss of $27.9 million, or $.08 per share, compared with a net loss of $45.5 million, or $.13 per share, for the three months ended March 31, 2005.

During the first quarter of 2006, the company executed against its previously-announced plan to fundamentally reposition the company for profitable growth over the 2006-2008 timeframe. During the quarter, the company:

* began implementing personnel reductions by committing to a reduction of approximately 3,600 employees, which resulted in a pretax charge of $145.9 million. See note (b).
* adopted changes to its U.S. defined benefit pension plans effective December 31, 2006, and will increase matching contributions to its defined contribution savings plan beginning January 1, 2007. As a result of the amendment to stop accruals for future benefits, the company recorded a pretax curtailment gain of $45.0 million. See note (c).

* took initial steps in its program to divest non-core assets. In March the company divested its stake in Nihon Unisys, Ltd. (NUL), an IT solutions provider in Japan. The company sold all of its 30.5 million shares in NUL, generating cash proceeds of approximately $378 million. Proceeds from the sale will be used to fund the company's cost reduction program. A pretax gain of $149.9 million was recorded on the sale. The company also sold certain assets of its Unigen semiconductor test equipment business for cash proceeds of $8 million. See note (d).

* reached a definitive agreement with its partner banks on renegotiated terms for its iPSL check and payment processing joint venture in the United Kingdom. The terms of the new agreement, which went into effect on January 1, 2006, include new tariff arrangements that are expected to yield an additional approximately $150 million in revenue to the company over the 2006-2010 timeframe.

* signed a series of alliance agreements with NEC Corporation (NEC) to collaborate in server technology, research and development, manufacturing, and solutions delivery. Among the areas included in the agreements, the two companies will co-design and develop a common high-end, Intel-based server platform for customers of both companies, and NEC is recognizing the company as a preferred provider of technology support and maintenance services and managed security services in markets outside of Japan.

Results of operations

Company results

Revenue for the quarter ended March 31, 2006 was $1.39 billion compared with $1.37 billion for the first quarter of 2005. Revenue in the current period increased 2% from the prior year. This increase was due to a 6% increase in Services revenue offset in part by a decrease of 18% in Technology revenue. Foreign currency fluctuations had a 3 percentage point negative impact on revenue in the current period compared with the year-ago period. U.S. revenue was flat in the first quarter compared with the year-ago period while revenue in international markets increased 3% due to increases in Latin America and Europe offset in part by a decline in Pacific/Asia/Japan. On a constant currency basis, international revenue increased 9% in the three months ended March 31, 2006 compared with the three months ended March 31, 2005.

Pension expense for the three months ended March 31, 2006 was $7.9 million compared with $46.8 million for the three months ended March 31, 2005. The decrease in pension expense in 2006 from 2005 was due to the following: the U.S. curtailment gain of $45.0 million recognized in 2006, offset in part by an increase in expense due to the use of an updated mortality table to reflect longer life expectancy for the U.S. plan, and for international plans, declines in discount rates and currency translation. The company records pension income or expense, as well as other employee-related costs such as payroll taxes and medical insurance costs, in operating income in the following income statement categories: cost of sales; selling, general and administrative expenses; and research and development expenses. The amount allocated to each category is based on where the salaries of active employees are charged.

Total gross profit margin was 14.5% in the three months ended March 31, 2006 compared with 19.0% in the three months ended March 31, 2005. The decline in gross profit margin in 2006 compared with 2005 principally reflected the $85.4 million cost reduction charge in 2006, offset in part by a decline in pension expense to $7.7 million in the three months ended March 31, 2006 compared with $32.8 million in the year ago period.

Selling, general and administrative expenses were $295.4 million for the three months ended March 31, 2006 (21.3% of revenue) compared with $261.6 million (19.1% of revenue) in the year-ago period. The change in selling, general and administrative expenses in 2006 compared with 2005 was principally due to (a) a $45.4 million charge in 2006 relating to the cost reduction actions, offset in part by (b) $1.8 million of pension expense in 2006 compared with pension expense of $9.1 million in 2005.

Research and development (R&D) expenses in first quarter of 2006 were $75.3 million compared with $64.9 million in the first quarter of 2005. The company continues to invest in proprietary operating systems and in key programs within its industry practices. R&D expense in 2006 included a $17.6 million charge relating to the 2006 cost reduction actions. R&D in 2006 includes $1.6 million of pension income compared with $4.9 million of pension expense in 2005.

For the first quarter of 2006, the company reported a pretax operating loss of $168.8 million compared with a pretax operating loss of $66.2 million in the first quarter of 2005. The principal items affecting the comparison of 2006 with 2005 were (a) a $148.4 million charge in 2006 relating to the cost reduction actions, and (b) pension expense of $7.9 million in 2006 compared with $46.8 million in 2005.

Interest expense for the three months ended March 31, 2006 was $19.8 million compared with $12.6 million for the three months ended March 31, 2005, principally due to higher average debt.

Other income (expense), net, which can vary from period to period, was income of $153.4 million in the first quarter of 2006, compared with income of $.5 million in 2005. The difference in 2006 from 2005 was principally due to the $149.9 million gain from the sale of all of the company's shares in NUL (see note (d)).

Income (loss) before income taxes for the three months ended March 31, 2006 was a loss of $35.2 million compared with a loss of $78.3 million in 2005. The benefit for income taxes was $7.3 million in the current quarter compared with a benefit of $32.8 million in the year-ago period. Due to the increase to a full valuation allowance for all of the company's U.S. tax assets and certain international subsidiaries in the third quarter of 2005, the company no longer has a meaningful effective tax rate. The company will record a tax provision or benefit for those international subsidiaries that do not have a full valuation allowance against their deferred tax assets. Any profit or loss recorded for the company's U.S. operations will have no provision or benefit associated with it. As a result, the company's provision or benefit for taxes will vary significantly quarter to quarter depending on the geographic distribution of income.

In 2002, the company and the Transportation Security Administration (TSA) entered into a competitively awarded contract providing for the establishment of secure information technology environments in airports. The Defense Contract Audit Agency (DCAA), at the request of TSA, reviewed contract performance and raised some government contracting issues. It is not unusual in complex government contracts for the government and the contractor to have issues arise regarding contract obligations. The company continues to work collaboratively with the DCAA and TSA to try to resolve these issues. While the company believes that it and the government will resolve the issues raised, there can be no assurance that these issues will be successfully resolved or that new issues will not be raised. It has been publicly reported that certain of these matters have been referred to the Inspector General's office of the Department of Homeland Security for investigation. The company has received no investigative requests from the Inspector General's office or any other government agency with respect to any such referral. The company does not know whether any such referral will be pursued or, if pursued, what effect it may have on the company or on the resolution of the issues with TSA.

Segment results

The company has two business segments: Services and Technology. Revenue classifications by segment are as follows: Services - consulting and systems integration, outsourcing, infrastructure services and core maintenance; Technology - enterprise-class servers and specialized technologies. The accounting policies of each business segment are the same as those followed by the company as a whole. Intersegment sales and transfers are priced as if the sales or transfers were to third parties. Accordingly, the Technology segment recognizes intersegment revenue and manufacturing profit on hardware and software shipments to customers under Services contracts. The Services segment, in turn, recognizes customer revenue and marketing profit on such shipments of company hardware and software to customers. The Services segment also includes the sale of hardware and software products sourced from third parties that are sold to customers through the company's Services channels. In the company's consolidated statements of income, the manufacturing costs of products sourced from the Technology segment and sold to Services customers are reported in cost of revenue for Services.

Also included in the Technology segment's sales and operating profit are sales of hardware and software sold to the Services segment for internal use in Services agreements. The amount of such profit included in operating income of the Technology segment for the three months ended March 31, 2006 and 2005 was $1.3 million and $4.8 million, respectively. The profit on these transactions is eliminated in Corporate.

The company evaluates business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items, which are included in Corporate. All other corporate and centrally incurred costs are allocated to the business segments, based principally on revenue, employees, square footage or usage. Therefore, the segment comparisons below exclude the cost reduction items mentioned above.

Information by business segment is presented below (in millions of dollars):

	Total	Eliminations	Services	Technology
Three Months Ended March 31, 2006				
Customer revenue	$1,387.8		$1,176.4	$211.4
Intersegment		$(42.6)	3.4	39.2
Total revenue	$1,387.8	$(42.6)	$1,179.8	$250.6
Gross profit percent	14.5 %		15.2 %	41.9 %
Operating loss percent	(12.2)%		(0.9)%	(5.4)%
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%

Gross profit percent and operating income percent are as a percent of total revenue.

In the Services segment, customer revenue was $1.18 billion for the three months ended March 31, 2006 compared with $1.11 billion for the three months ended March 31, 2005. Foreign currency translation had about a 3 percentage point negative impact on Services revenue in current quarter compared with the year-ago period. Revenue in the first quarter of 2006 was up 6% from 2005, principally due to a 14% increase in outsourcing ($455.2 million in 2006 compared with $400.2 million in 2005), an 11% increase in infrastructure services ($225.0 million in 2006 compared with $202.8 million in 2005) and a 3% increase in consulting and systems integration revenue ($381.3 million in 2006 compared with $369.8 million in 2005), offset, in part, by a 15% decrease in core maintenance revenue ($114.9 million in 2006 compared with $134.9 million in 2005). Services gross profit was 15.2% in the first quarter of 2006 compared with 11.0% in the year-ago period. The Services gross profit margin in the current quarter includes pension expense of $8.1 million compared with $31.8 million in 2005. Services operating income (loss) percent was (0.9)% in the three months ended March 31, 2006 compared with (6.8)% in the three months ended March 31, 2005. Included in the operating income (loss) was the impact of pension expense of $9.6 million in the current-year quarter compared with $39.4 million in the year-ago quarter.

In the Technology segment, customer revenue was $211 million in the current quarter compared with $259 million in the year-ago period. Foreign currency translation had a negative impact of approximately 2 percentage points on Technology revenue in the current period compared with the prior-year period. Revenue in the three months ended March 31, 2006 was down 18% from the three months ended March 31, 2005, due to a 15% decrease in sales of enterprise-class servers ($168.1 million in 2006 compared with $198.2 million in 2005) and a 29% decline in sales of specialized technology products ($43.3 million in 2006 compared with $60.7 million in 2005). Technology gross profit was 41.9% in the current quarter compared with 47.7% in the year-ago quarter. Gross profit included pension income of $.4 million in 2006 compared with pension expense of $1.0 million in 2005. Technology operating income percent was (5.4)% in the three months ended March 31, 2006 compared with 6.1% in the three months ended March 31, 2005. The decline in revenue and margins in 2006 compared with 2005 primarily reflected weak demand for enterprise servers based on customer technology lifecycles and buying patterns. The company expects the technology segment to remain weak in the second quarter and to strengthen in the second half of the year over the first half of the year as the company introduces new enterprise server models.

New accounting pronouncements

Effective January 1, 2006, the company adopted SFAS No. 151, "Inventory Costs an amendment of ARB No. 43, Chapter 4" (SFAS No. 151). SFAS No. 151 amends the guidance in ARB No. 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, handling costs and wasted material (spoilage). Among other provisions, the new rule requires that such items be recognized as current-period charges, regardless of whether they meet the criterion of "so abnormal" as stated in ARB No. 43. Adoption of SFAS No. 151 did not have a material effect on the company's consolidated financial position, consolidated results of operations, or liquidity.

Effective January 1, 2006, the company adopted SFAS No. 123 (revised 2004), "Share-Based Payment" (SFAS No. 123R), which replaces SFAS No. 123 and supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees." SFAS No. 123R requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values. The company adopted SFAS No. 123R using the modified-prospective transition method, which requires the company, beginning January 1, 2006 and thereafter, to expense the grant date fair value of all share-based awards over their remaining vesting periods to the extent the awards were not fully vested as of the date of adoption and to expense the fair value of all share-based awards granted subsequent to December 31, 2005 over their requisite service periods. During the three months ended March 31, 2006, the company recorded $1.7 million of share-based compensation expense. Previous periods have not been restated. See note (e) for further details.

Financial condition

Cash and cash equivalents at March 31, 2006 were $980.2 million compared with $642.5 at December 31, 2005.

During the three months ended March 31, 2006, cash provided by operations was $26.9 million compared with $26.8 million for the three months ended March 31, 2005. Cash expenditures in the current quarter related to prior-year restructuring actions (which are included in operating activities) were approximately $6 million compared with $14 million for the prior-year quarter. Cash expenditures for the first quarter of 2006 and the prior-year restructuring actions are expected to be approximately $152 million for the remainder of 2006, resulting in an expected cash expenditure of approximately $158 million in 2006 compared with $57.8 million in 2005.

Cash provided by investing activities for the three months ended March 31, 2006 was $306.0 million compared with $94.2 million of cash used during the three months ended March 31, 2005. The principal reason for the increase was that the company received net proceeds of $380.6 million from the sale of the NUL shares and other assets. Net purchases of investments was $1.3 million for the three months ended March 31, 2006 compared with net proceeds of $3.1 million in the prior-year period. Proceeds from investments and purchases of investments represent derivative financial instruments used to manage the company's currency exposure to market risks from changes in foreign currency exchange rates. In addition, in the current quarter, the investment in marketable software was $27.1 million compared with $33.0 million in the year-ago period, capital additions of properties were $21.6 million in 2006 compared with $22.4 million in 2006 and capital additions of outsourcing assets were $24.6 million in 2006 compared with $41.9 million in 2005.

Cash provided by financing activities during the three months ended March 31, 2006 was $2.2 million compared with $142.0 million of cash used during the three months ended March 31, 2005. The prior-year period includes a cash expenditure of $150.0 million to retire at maturity all of the company's 7 1/4% senior notes.

At March 31, 2006, total debt was $1.1 billion, an increase of $1.6 million from December 31, 2005.

The company has various lending and funding agreements as follows:

The company has a $500 million credit agreement that expires on May 31, 2006. Borrowings under the agreement bear interest based on the then-current LIBOR or prime rates and the company's credit rating. As of March 31, 2006, there were no borrowings under this facility, and the entire $500 million was available for borrowings. The credit agreement contains standard representations and warranties, including no material adverse change. It also contains financial and other covenants, including maintenance of certain financial ratios, a minimum level of net worth and limitations on certain types of transactions, which could reduce the amount the company is able to borrow and could also limit the company's ability to take cost reduction and other charges. Events of default under the credit agreement include failure to perform covenants, materially incorrect representations and warranties, change of control and default under other debt aggregating at least $25 million. If an event of default were to occur under the credit agreement, the lenders would be entitled to declare all amounts borrowed under it immediately due and payable. The occurrence of an event of default under the credit agreement could also cause the acceleration of obligations under certain other agreements and the termination of the company's U.S. trade accounts receivable facility, described below. On March 31, 2006, the company and its lenders entered into an amendment to the company's $500 million credit agreement modifying the financial covenants to provide the necessary flexibility to record the cost reduction charge, discussed above. The company is in discussions with several financial institutions regarding the terms of a new credit facility. The company currently expects that a new facility will be in place before the end of the second quarter of 2006. The company anticipates that the new facility will be smaller than the current facility and will be secured.

In addition, the company and certain international subsidiaries have access to uncommitted lines of credit from various banks. Other sources of short-term funding are operational cash flows, including customer prepayments, and the company's U.S. trade accounts receivable facility discussed below.

The company also has an agreement to sell, on an on-going basis, through Unisys Funding Corporation I, a wholly owned subsidiary, interests in eligible U.S. trade accounts receivable. As of January 6, 2006, the company executed an amendment to the facility which, among other things: increases the amount of receivables which the company may sell under the facility to $300 million; increases the selling price of the receivables to reflect a margin based on, among other things, the company's then-current S&P and Moody's credit rating; relaxes the termination provision related to the rating of the company's public debt securities such that the facility is now terminable by the purchasers if the company's public debt securities are rated below B by S&P or B2 by Moody's; and modifies certain definitions related to the maintenance of certain ratios related to the sold receivables. At March 31, 2006, the company's public debt was rated BB- and Ba3 by S&P and Moody's, respectively. The amended facility is renewable annually at the purchasers' option until November 2008.

At March 31, 2006, the company has met all covenants and conditions under its various lending and funding agreements. The company expects to continue to meet these covenants and conditions. The company believes that it will have adequate sources and availability of short-term funding to meet its expected cash requirements.

The company may, from time to time, redeem, tender for, or repurchase its securities in the open market or in privately negotiated transactions depending upon availability, market conditions and other factors.

The company has on file with the Securities and Exchange Commission a registration statement covering $650 million of debt or equity securities, which enables the company to be prepared for future market opportunities.

Stockholders' equity increased $1,413.5 million during the three months ended March 31, 2006, principally reflecting the reversal of the minimum pension liability adjustment of $1,446.0 million for the U.S. qualified defined benefit pension plan, offset in part by the net loss of $27.9 million.

Factors that may affect future results

From time to time, the company provides information containing "forward-looking" statements, as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements provide current expectations of future events and include any statement that does not directly relate to any historical or current fact. Words such as "anticipates," "believes," "expects," "intends," "plans," "projects" and similar expressions may identify such forward-looking statements. All forward-looking statements rely on assumptions and are subject to risks, uncertainties and other factors that could cause the company's actual results to differ materially from expectations. Factors that could affect future results include, but are not limited to, those discussed below. Any forward-looking statement speaks only as of the date on which that statement is made. The company assumes no obligation to update any forward-looking statement to reflect events or circumstances that occur after the date on which the statement is made.

Statements in this report regarding the company's cost reduction plan are subject to the risk that the company may not implement the planned headcount reductions as quickly as currently planned, which could affect the timing of anticipated cost savings. The amount of anticipated cost savings is also subject to currency exchange rate fluctuations with regard to actions taken outside the U.S. Statements in this report regarding the revenue increases anticipated from the new iPSL tariff arrangements are based on assumptions regarding iPSL processing volumes and costs over the 2006-2010 time-frame. Because these volumes and costs are subject to change, the amount of anticipated revenue is not guaranteed. In addition, because iPSL is paid by its customers in British pounds, the U.S. dollar amount of revenue recognized by the company is subject to currency exchange rate fluctuations.

Other factors that could affect future results include the following:

The company's business is affected by changes in general economic and business conditions. The company continues to face a highly competitive business environment. If the level of demand for the company's products and services declines in the future, the company's business could be adversely affected. The company's business could also be affected by acts of war, terrorism or natural disasters. Current world tensions could escalate, and this could have unpredictable consequences on the world economy and on the company's business.

The information services and technology markets in which the company operates include a large number of companies vying for customers and market share both domestically and internationally. The company's competitors include consulting and other professional services firms, systems integrators, outsourcing providers, infrastructure services providers, computer hardware manufacturers and software providers. Some of the company's competitors may develop competing products and services that offer better price-performance or that reach the market in advance of the company's offerings. Some competitors also have or may develop greater financial and other resources than the company, with enhanced ability to compete for market share, in some instances through significant economic incentives to secure contracts. Some also may be better able to compete for skilled professionals. Any of these factors could have an adverse effect on the company's business. Future results will depend on the company's ability to mitigate the effects of aggressive competition on revenues, pricing and margins and on the company's ability to attract and retain talented people.

The company operates in a highly volatile industry characterized by rapid technological change, evolving technology standards, short product life cycles and continually changing customer demand patterns. Future success will depend in part on the company's ability to anticipate and respond to these market trends and to design, develop, introduce, deliver or obtain new and innovative products and services on a timely and cost-effective basis. The company may not be successful in anticipating or responding to changes in technology, industry standards or customer preferences, and the market may not demand or accept its services and product offerings. In addition, products and services developed by competitors may make the company's offerings less competitive.

Future results will also depend in part on the success of the company's focused investment and sales and marketing strategies. These strategies are based on various assumptions, including assumptions regarding market segment growth, client demand, and the proper skill set of and training for sales and marketing management and personnel, all of which are subject to change.

The company's future results will depend in part on its ability to grow outsourcing and infrastructure services. The company's outsourcing contracts are multiyear engagements under which the company takes over management of a client's technology operations, business processes or networks. In a number of these arrangements, the company hires certain of its clients' employees and may become responsible for the related employee obligations, such as pension and severance commitments. In addition, system development activity on outsourcing contracts may require the company to make significant upfront investments. The company will need to have available sufficient financial resources in order to take on these obligations and make these investments.

Recoverability of outsourcing assets is dependent on various factors, including the timely completion and ultimate cost of the outsourcing solution, and realization of expected profitability of existing outsourcing contracts. These risks could result in an impairment of a portion of the associated assets, which are tested for recoverability quarterly.

As long-term relationships, outsourcing contracts provide a base of recurring revenue. However, outsourcing contracts are highly complex and can involve the design, development, implementation and operation of new solutions and the transitioning of clients from their existing business processes to the new environment. In the early phases of these contracts, gross margins may be lower than in later years when an integrated solution has been implemented, the duplicate costs of transitioning from the old to the new system have been eliminated and the work force and facilities have been rationalized for efficient operations. Future results will depend on the company's ability to effectively and timely complete these implementations, transitions and rationalizations. Future results will also depend on the company's ability to effectively address its challenging outsourcing operations through negotiations or operationally and to fully recover the associated outsourcing assets.

Future results will also depend in part on the company's ability to drive profitable growth in consulting and systems integration. The company's ability to grow profitably in this business will depend on the level of demand for systems integration projects. It will also depend on an improvement in the utilization of services delivery personnel. In addition, profit margins in this business are largely a function of the rates the company is able to charge for services and the chargeability of its professionals. If the company is unable to attain sufficient rates and chargeability for its professionals, profit margins will suffer. The rates the company is able to charge for services are affected by a number of factors, including clients' perception of the company's ability to add value through its services; introduction of new services or products by the company or its competitors; pricing policies of competitors; and general economic conditions. Chargeability is also affected by a number of factors, including the company's ability to transition employees from completed projects to new engagements, and its ability to forecast demand for services and thereby maintain an appropriate head count.

Future results will also depend, in part, on an improvement in the company's technology business. This will require, in part, an increase in market demand for the company's high-end enterprise servers. In its technology business, the company continues to focus its resources on enhancing a common high-performance platform for both its proprietary operating environments and open standards-based operating environments such as Microsoft Windows and Linux. In addition, the company continues to apply its resources to develop value-added software capabilities and optimized solutions for these server platforms which provide competitive differentiation. The high-end enterprise server platforms are based on its Cellular MultiProcessing (CMP) architecture. The company's CMP servers are designed to provide mainframe-class capabilities with compelling price performance by making use of standards-based technologies such as Intel chips and supporting industry standard software. The company has transitioned both its legacy ClearPath servers and its Intel-based ES7000s to the CMP platform. Future results will depend, in part, on customer acceptance of the CMP-based ClearPath Plus systems and the company's ability to maintain its installed base for ClearPath and to develop next-generation ClearPath products that are purchased by the installed base. In addition, future results will depend, in part, on the company's ability to generate new customers and increase sales of the Intel-based ES7000 line. The company believes there is significant growth potential in the developing market for high-end, Intel-based servers running Microsoft and Linux operating system software. However, competition in these new markets is likely to intensify in coming years, and the company's ability to succeed will depend on its ability to compete effectively against enterprise server competitors with more substantial resources and its ability to achieve market acceptance of the ES7000 technology by clients, systems integrators and independent software vendors. Future results of the technology business will also depend, in part, on the successful implementation of the company's new arrangements with NEC.

The company frequently enters into contracts with governmental entities. U.S. government agencies, including the Defense Contract Audit Agency and the Department of Labor, routinely audit government contractors. These agencies review a contractor's performance under its contracts, cost structure and compliance with applicable laws, regulations and standards. The U.S. government also may review the adequacy of, and a contractor's compliance with, its systems and policies, including the contractor's purchasing, property, estimating, accounting, compensation and management information systems. Any costs found to be overcharged or improperly allocated to a specific contract will be subject to reimbursement to the government. If an audit uncovers improper or illegal activities, the company may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines and suspension or prohibition from doing business with the U.S. government. Other risks and uncertainties associated with government contracts include the availability of appropriated funds and contractual provisions that allow governmental entities to terminate agreements at their discretion before the end of their terms. In addition, if the company's performance is unacceptable to the customer under a government contract, the government retains the right to pursue remedies under the affected contract, which remedies could include termination.

A number of the company's long-term contracts for infrastructure services, outsourcing, help desk and similar services do not provide for minimum transaction volumes. As a result, revenue levels are not guaranteed. In addition, some of these contracts may permit customer termination or may impose other penalties if the company does not meet the performance levels specified in the contracts.

Some of the company's systems integration contracts are fixed-price contracts under which the company assumes the risk for delivery of the contracted services and products at an agreed-upon fixed price. At times the company has experienced problems in performing some of these fixed-price contracts on a profitable basis and has provided periodically for adjustments to the estimated cost to complete them. Future results will depend on the company's ability to perform these services contracts profitably.

The success of the company's business is dependent on strong, long-term client relationships and on its reputation for responsiveness and quality. As a result, if a client is not satisfied with the company's services or products, its reputation could be damaged and its business adversely affected. In addition, if the company fails to meet its contractual obligations, it could be subject to legal liability, which could adversely affect its business, operating results and financial condition.

The company has commercial relationships with suppliers, channel partners and other parties that have complementary products, services or skills. The company has announced that alliance partnerships with select IT companies are a key factor in the development and delivery of the company's refocused portfolio. Future results will depend, in part, on the performance and capabilities of these third parties, on the ability of external suppliers to deliver components at reasonable prices and in a timely manner, and on the financial condition of, and the company's relationship with, distributors and other indirect channel partners.

More than half of the company's total revenue derives from international operations. The risks of doing business internationally include foreign currency exchange rate fluctuations, changes in political or economic conditions, trade protection measures, import or export licensing requirements, multiple and possibly overlapping and conflicting tax laws, new tax legislation, and weaker intellectual property protections in some jurisdictions.

The company cannot be sure that its services and products do not infringe on the intellectual property rights of third parties, and it may have infringement claims asserted against it or against its clients. These claims could cost the company money, prevent it from offering some services or products, or damage its reputation.

Item 4. Controls and Procedures

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2006. Based on this evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective for gathering, analyzing and disclosing the information the Company is required to disclose in the reports it files under the Securities Exchange Act of 1934, within the time periods specified in the SEC's rules and forms. Such evaluation did not identify any change in the Company's internal controls over financial reporting that occurred during the quarter ended March 31, 2006 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - OTHER INFORMATION

Item 1A. Risk Factors

See "Factors that may affect future results" in Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of risk factors.

Item 5. Other Information

For a description of restricted stock units granted in March 2006 to certain key employees, including officers, see note (e) of the notes to consolidated financial statements. The form of restricted stock unit agreement and information on the restricted stock unit grants made to certain officers of the company in March 2006 are filed as exhibits hereto.

See note (b) of the notes to consolidated financial statements for information on the restructuring charge taken in the first quarter of 2006.

Item 6. Exhibits

(a) Exhibits

See Exhibit Index

SIGNATURES

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: April 28, 2006

By: /s/ Janet Brutschea Haugen

Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/ Joseph M. Munnelly

Joseph M. Munnelly
Vice President and
Corporate Controller
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
3.1	Restated Certificate of Incorporation of Unisys Corporation (incorporated by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1999)
3.2	Bylaws of Unisys Corporation, as amended through December 1, 2005 (incorporated by reference to Exhibit 3 to the registrant's Current Report on Form 8-K dated December 1, 2005)
10.1	Form of Restricted Stock Unit Agreement
10.2	Information on Restricted Stock Units granted to certain executive officers
10.3	Description of Turnaround Cash Incentive Program (incorporated by reference to Item 1.01(c) of the registrant's Current Report on Form 8-K dated February 9, 2006)
10.4	Description of 2006 Compensation of Directors (incorporated by reference to Item 1.01(d) of the registrant's Current Report on Form 8-K dated February 9, 2006)
10.5	Consulting Agreement dated as of February 1, 2006 between Unisys Corporation and Lawrence A. Weinbach (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K dated February 9, 2006)
10.6	Summary of 2006 Salary and Bonus Arrangements with certain executive officers (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K dated February 9, 2006)
12	Statement of Computation of Ratio of Earnings to Fixed Charges
31.1	Certification of Joseph W. McGrath required by Rule 13a-14(a) or Rule 15d-14(a)
31.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(a) or Rule 15d-14(a)
32.1	Certification of Joseph W. McGrath required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
32.2	Certification of Janet Brutschea Haugen required by Rule 13a-14(b) or Rule 15d-14(b) and Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350

UNISYS CORPORATION

The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan
Restricted Stock Unit Agreement

Unisys Corporation, a Delaware corporation (the "Company" or "Unisys"), hereby grants to the participant named below (the "Participant") an award (the "Award") of restricted stock units in accordance with Section 9 of The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan (the "Plan"). Each restricted stock unit (hereinafter referred to as a "Restricted Stock Unit" or "Unit") represents an obligation of the Company to pay to the Participant up to a maximum of one and one-half shares of Company Common Stock on (i) the applicable vesting date or (ii) such earlier date as payment may be due under this agreement (the "Agreement"), for each Unit that vests on such date, provided that the conditions precedent to such payment have been satisfied.

Participant:	FULL NAME
Employee ID:	PEOPLE SOFT ID NUMBER
Number of Restricted Stock Units Subject to Time-Based Vesting:	
Number of Restricted Stock Units Subject to Performance-Based Vesting:	
Total Number of Restricted Stock Units Awarded:	NUMBER OF UNITS
Date of Grant:	GRANT DATE
Vesting Schedule:	The Vesting Schedule for time-based and performance-based Units is set forth in Appendix A to this Agreement.

Except as otherwise expressly provided in this Agreement, the Award is made under, and is subject to, the terms of the Plan. (Unless otherwise provided herein, capitalized terms in this Agreement have the same meaning as ascribed to such terms in the Plan.) The terms of the Award are as follows:

1. This Agreement must be executed by the Participant and duly returned in its entirety to Equity Agreement Administration, c/o Office of the General Counsel, MS E8-114, Unisys Corporation, Unisys Way, Blue Bell, PA 19424, in order to become effective. This Agreement will have no force or effect whatsoever if it is not executed and received in its entirety on or before AGREEMENT RETURN DATE.

2. The Participant's right to any payment under this Award may not be assigned, transferred (otherwise than by will or the laws of descent and distribution), pledged or sold.

3. Except as otherwise provided under the terms of the Plan or this Agreement, all Restricted Stock Units awarded under this Agreement that have not vested will be forfeited and all rights of the Participant with respect to such Units will terminate without any payment by the Company upon Termination of Employment by the Participant prior to the applicable vesting date for such Units, as set forth in Appendix A (the "Vesting Date").

4. If Termination of Employment (other than for cause or for a reason that is comparable to termination for cause under local law) occurs after the Participant has attained age 55 and completed five years of service with the Company and/or its Subsidiaries or Affiliates, Participant (or Participant's Beneficiary in the case of Participant's death after Termination of Employment as set forth in this paragraph 4) shall continue to vest in any unvested time-based Units after Termination of Employment in accordance with the vesting schedule for such Units, as set forth in Appendix A. For purposes of the Award, the Committee shall have the exclusive discretion to determine if and when Termination of Employment has occurred for cause or for a reason that is comparable to termination for cause under local law.

5. In the event of a Change in Control prior to the Vesting Date, the Participant, if still in the active employment of the Company, a Subsidiary or an Affiliate as of the date of the Change in Control, will receive a payment with respect to each Unit not vested as of the date of the Change in Control, as follows:

a. Any time-based Units not vested as of the date of the Change in Control will become fully vested and the shares of Company Common Stock subject to Participant's time-based Units will be issued to the Participant.

b. Any performance-based Units will become payable pursuant to the rules under Section 11(a)(4) of the Plan, provided, however, that, notwithstanding any language to the contrary in Section 11(a)(4) of the Plan, the Units will be paid only in shares of Company Common Stock. If such payment were to result in the issuance of a fractional share of Company Common Stock, such payment will be rounded down to the nearest whole share.

6. Each payment that may become due hereunder shall be made only in shares of Company Common Stock, provided, however, that if such payment were to result in the issuance of a fractional share of Company Common Stock, such payment will be rounded up to the nearest whole share. Such shares will be issued to the Participant (or to Participant's Beneficiary if the Company has been properly notified of the Participant's death after Termination of Employment as set forth in paragraph 4) as soon as practicable after the relevant Vesting Date, but in any event, within the period ending on the later to occur of the date that is two and one-half months from the end of (i) Participant's tax year that includes the Vesting Date, or (ii) the Company's tax year that includes the Vesting Date.

7. This Agreement has been made in and shall be construed under and in accordance with the laws of the Commonwealth of Pennsylvania.

8. The greatest assets of Unisys* are its employees, technology and customers. In recognition of the increased risk of unfairly losing any of these assets to its competitors, Unisys has adopted the following policy. By accepting this Award, Participant agrees that:

a. During employment and for twelve months after leaving Unisys, Participant will not: (a) directly or indirectly solicit or attempt to influence any employee of Unisys to terminate his or her employment with Unisys, except as directed by Unisys; (b) directly or indirectly solicit or divert to any competing business any customer or prospective customer to which Participant was assigned during the eighteen months prior to leaving Unisys; or (c) perform services for any Unisys customer or prospective customer, of the type Participant provided while employed by Unisys for any Unisys customer or prospective customer for which Participant worked during the eighteen months prior to leaving Unisys.

b. Participant previously signed the Unisys Employee Proprietary Information, Invention and Non-Competition Agreement in which he or she agreed not to disclose, transfer, retain or copy any confidential or proprietary information during or after the term of Participant's employment, and Participant acknowledges his or her continuing obligations under that agreement. Attached is a copy of the agreement reminding Participant of these important obligations.

c. Participant agrees that Unisys shall be entitled to preliminary and permanent injunctive relief, without the necessity of proving actual damages, in the event of a breach of the covenants contained in this paragraph 8.

d. Participant agrees that Unisys may assign the right to enforce the non-solicitation and non-competition obligations of Participant described in paragraph 8(a) to its successors and assigns without any further consent from Participant.

e. The provisions contained in this paragraph 8 shall survive the termination of Participant's employment and may not be modified or amended except by a writing executed by Participant and the Chairman of the Board of Unisys Corporation.

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* For purposes of this paragraph 8, the term Unisys shall include the Company and all of its Subsidiaries and Affiliates.

9. In accepting the Award, Participant acknowledges that: (i) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be amended, suspended or terminated by the Company at any time, unless otherwise provided in the Plan and this Agreement; (ii) the grant of the Award is voluntary and occasional and does not create any contractual or other right to receive future grants of Units, or benefits in lieu of Units even if Units have been granted repeatedly in the past; (iii) all decisions with respect to future awards, if any, will be at the sole discretion of the Committee; (iv) Participant's participation in the Plan shall not create a right to further employment with Participant's employer and shall not interfere with the ability of Participant's employer to terminate Participant's employment relationship at any time with or without cause; (v) Participant's participation in the Plan is voluntary; (vi) the Award is an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to the Company or Participant's employer, and that is outside the scope of Participant's

employment contract, if any; (vii) the Award is not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, redundancy or end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for the Company or Participant's employer; (viii) in the event that Participant is not an employee of the Company, the Award will not be interpreted to form an employment contract or relationship with the Company; and furthermore, the Award will not be interpreted to form an employment contract with Participant's employer or any Subsidiary or Affiliate of the Company; (ix) the future value of the underlying shares of Common Stock is unknown and cannot be predicted with certainty; (x) in consideration of the Award, no claim or entitlement to compensation or damages shall arise from termination of the Award or diminution in value of the shares of Stock received when the Award becomes vested resulting from Termination of Employment by the Company or Participant's employer (for any reason whatsoever and whether or not in breach of local labor laws), and Participant irrevocably releases the Company and Participant's employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by signing this Agreement, Participant shall be deemed irrevocably to have waived his or her entitlement to pursue such claim; (xi) except as otherwise provided by the Committee, in the event of Termination of Employment (whether or not in breach of local labor laws), Participant's right to receive an Award and vest in the Award under the Plan, if any, will terminate effective as of the date that Participant is no longer actively employed and will not be extended by any notice period mandated under local law (e.g., active employment would not include a period of "garden leave" or similar period pursuant to local law); the Committee shall have the exclusive discretion to determine when Participant is no longer actively employed for purposes of the Award; (xii) the Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying shares of Company Common Stock; and (xiii) Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding Participant's participation in the Plan before taking any action related to the Plan.

10. Regardless of any action the Company or Participant's employer takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), Participant acknowledges that the ultimate liability for all Tax-Related Items legally due by Participant is and remains Participant's responsibility and that the Company and/or Participant's employer (a) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Award, including the grant or vesting of the Award, the subsequent sale of the shares of Common Stock received upon vesting of the Award and the receipt of any dividends; and (b) do not commit to structure the terms of the Award or any aspect of the Award to reduce or eliminate Participant's liability for Tax-Related Items.

Prior to the date on which the Award vests, Participant shall pay or make adequate arrangements satisfactory to the Company and/or Participant's employer to satisfy all withholding obligations of the Company and Participant's employer. In this regard, Participant authorizes the Company and/or Participant's employer to withhold all applicable Tax-Related Items legally payable by Participant from any wages or other cash compensation paid to Participant by the Company and/or Participant's employer or from proceeds of the sale of shares of Common Stock. Alternatively, or in addition, if permissible under local law, the Company may (1) sell or arrange for the sale of shares of Common Stock that Participant is due to receive upon vesting of the Award to meet the withholding obligation for Tax-Related Items, and/or (2) withhold in shares of Common Stock, provided that the Company only withholds the amount of shares necessary to satisfy the minimum withholding amount. Finally, Participant shall pay to the Company or Participant's employer any amount of Tax-Related Items that the Company or Participant's employer may be required to withhold as a result of Participant's participation in the Plan or Participant's receipt of shares of Common Stock that cannot be satisfied by the means previously described within 90 days of any tax liability arising.

11. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement by and among, as applicable, Participant's employer, the Company and its Subsidiaries and Affiliates for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company and Participant's employer may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or its Subsidiaries and Affiliates, details of all Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Personal Data"). Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these recipients may be located in Participant's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than Participant's country. Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Personal Data by contacting Participant's local human resources representative. Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Participant's participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Participant may elect to deposit any shares of Common Stock received upon vesting of the Award. Participant understands that Personal Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing Participant's local human resources representative. Participant understands that refusal or withdrawal of consent may affect Participant's ability to realize benefits from the Award. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

12. If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provision shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan.

13. The Company may, in its sole discretion, decide to deliver any documents related to the Award made under the Plan or future awards that may be made under the Plan by electronic means or request Participant's consent to participate in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

14. Neither the Plan nor this Agreement is intended to provide for an elective deferral of compensation that would be subject to Section 409A of the Code. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify the Plan and/or this Agreement to ensure that no Awards become subject to the requirements of Section 409A of the Code, provided, however, that the Company makes no representation that this Award is not subject to Section 409A of the Code nor makes any undertaking to preclude Section 409A of the Code from applying to this Award.

15. For purposes of litigating any dispute that arises under this Award or this Agreement, the parties hereby submit to and consent to the jurisdiction of the Commonwealth of Pennsylvania, agree that such litigation shall be conducted in the courts of Montgomery County in the Commonwealth of Pennsylvania, or the federal courts of the United States for the Eastern District of Pennsylvania, where this Award is made and/or to be performed.

UNISYS CORPORATION

By ____________________________
President and
Chief Executive Officer

ONLINE ACCEPTANCE ACKNOWLEDGMENT:

I hereby accept my 2006 restricted stock unit award ("RSU Award") granted to me in accordance with and subject to the terms and conditions of my 2006 Restricted Stock Unit Agreement and Appendix A (collectively, the "Agreement"), the terms and conditions of The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan. I acknowledge that I have read and understand the terms of the Agreement, and that I am familiar with and understand the terms of The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan, and that I agree to be bound thereby and by the actions of the Compensation Committee and of the Board of Directors of Unisys Corporation. I acknowledge that the Agreement and other 2006 RSU Award materials were delivered or made available to me electronically and I hereby consent to the delivery of my 2006 RSU Award materials, and any future materials relating to my RSU Awards, in such form. I also acknowledge that I am accepting my 2006 RSU Award electronically and that such acceptance has the same force and effect as if I had signed and returned to Unisys Corporation a hard copy of the Agreement noting that I had accepted the 2006 RSU Award.

ONLINE REJECTION ACKNOWLEDGMENT:

I hereby reject my 2006 restricted stock unit award ("RSU Award") granted to me in accordance with and subject to the terms and conditions of my 2006 Restricted Stock Unit Agreement and Appendix A (collectively, the "Agreement"), the terms and conditions of The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan. I acknowledge that I have read and understand the terms of the Agreement, and that I am familiar with and understand the terms of The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan. I acknowledge that the Agreement and other 2006 RSU Award materials were delivered or made available to me electronically and I hereby consent to the delivery of my 2006 RSU Award materials, and any future materials relating to my RSU Awards, in such form. I also acknowledge that I am rejecting my 2006 RSU Award electronically and that such rejection has the same force and effect as if I had signed and returned to Unisys Corporation a hard copy of the Agreement noting that I had rejected the 2006 RSU Award. I acknowledge that I have been encouraged to discuss this matter with my financial, legal and tax advisors and that this rejection is made knowingly. I further acknowledge that by rejecting the 2006 RSU Award, I will not be entitled to any payment or benefit in lieu of the 2006 RSU Award.

UNISYS CORPORATION

The Unisys Corporation 2003 Long-Term Incentive and Equity Compensation Plan

Restricted Stock Unit Agreement

APPENDIX A

This Appendix sets forth the procedure for determining whether and when the Restricted Stock Units described in the Restricted Stock Unit Agreement will vest. The Vesting Schedule depends on whether the Units are:

- - Time-Based; or
- - Performance-Based.

TIME-BASED UNITS

The shares of Unisys Corporation Common Stock subject to the Time-Based Units criteria will vest on the 1st, 2nd and 3rd anniversaries of the Date of Grant as set forth in the table below:

Vesting Date	Number of Units That Vest into Shares
1st anniversary of Date of Grant	1/3 of Number of Restricted Stock Units Subject to Time-Based Vesting
2nd anniversary of Date of Grant	1/3 of Number of Restricted Stock Units Subject to Time-Based Vesting
3rd anniversary of Date of Grant	1/3 of Number of Restricted Stock Units Subject to Time-Based Vesting

Time-Based Units vest on a one share per Unit basis. The delivery of shares of Unisys Corporation Common Stock will be made as of or within a reasonable time following the Vesting Date set forth in the chart above and in no event later than (i) the end of the calendar year in which the Vesting Date occurs or, if later, (ii) the date occurring 2 1/2 months following the Vesting Date.

PERFORMANCE-BASED UNITS

The shares of Unisys Corporation Common Stock subject to the Performance-Based Units criteria will vest upon the achievement of financial performance goals established by the Compensation Committee of the Board ("Performance Goals"). Furthermore, shares subject to Performance-Based Units criteria will vest depending upon achievement of Performance Goals during the applicable period of time at a rate of 0 to 1.5 shares issued per Performance-Based Unit granted. Units that do not convert to shares based on performance-based vesting criteria (i.e., if performance is Below Threshold) will be cancelled on the vesting date.

The shares of Unisys Corporation Common Stock subject to the Performance-Based Units vesting criteria will vest on the dates and per the vesting schedules as described in the tables below:

Performance Period	Vesting Date	Number of Units Subject to Vesting Based on Pre-Tax Profit and Cumulative Pre-Tax Profit	Number of Units Subject to Vesting Based on Revenue Growth Rate and Cumulative Average Revenue Growth Rate
2006	1st anniversary of Date of Grant	1/6 of Number of Restricted Stock Units Subject to Performance-Based Vesting	1/6 of Number of Restricted Stock Units Subject to Performance-Based Vesting
2006-2007	2nd anniversary of Date of Grant	1/6 of Number of Restricted Stock Units Subject to Performance-Based Vesting	1/6 of Number of Restricted Stock Units Subject to Performance-Based Vesting
2007-2008	3rd anniversary of Date of Grant	1/6 of Number of Restricted Stock Units Subject to Performance-Based Vesting	1/6 of Number of Restricted Stock Units Subject to Performance-Based Vesting

			Vesting Metric		
Performance Tranche	Vesting Date	Performance Level	Pre-Tax Profit(1)(2)	Revenue Growth Rate(2)	Conversion Rate Applied to Units Vesting Into Shares(4)
2006	1st anniversary of Date of Grant	Below Threshold	< $___M	< ___%	0.0 shares per Unit
		Threshold	$___M	___%	0.5 shares per Unit
		Target	$___M	___% (3)	1.0 share per Unit
		Maximum	$___M	___% (3)	1.5 shares per Unit

			Vesting Metric		
Performance	Vesting	Performance	Cumulative Pre-Tax	Cumulative Average Revenue Growth	Conversion Rate Applied to Units Vesting

Tranche	Date	Level	Profit(1)(2)	Rate(2)	Into Shares(4)
2006-2007	2nd anniversary of Date of Grant	Below Threshold	< $___M	< ___%	0.0 shares per Unit
		Threshold	$___M	___%	0.5 shares per Unit
		Target	$___M	___% (3)	1.0 share per Unit
		Maximum	$___M	___% (3)	1.5 shares per Unit
2006-2008	3rd anniversary of Date of Grant	Below Threshold	< $___M	< ___%	0.0 shares per Unit
		Threshold	$___M	___%	0.5 shares per Unit
		Target	$___M	___% (3)	1.0 share per Unit
		Maximum	$___M	___% (3)	1.5 shares per Unit

(1) Pre-Tax Profit results after accrual for bonus under the company's incentive plans for the applicable years and during the performance periods.

(2) The Unisys financial performance targets are subject to CEO discretion and Committee review for one-time extraordinary items, such as gains or losses from divestitures, pension expense, and impact of restructuring charges.

(3) Target and Maximum revenue growth rates for the 2006 performance tranche is based on the growth rate needed to achieve the operating plan Scenario B for 2006 with a baseline of 2005 actual revenue less a half-year of divested revenue under operating plan Scenario B.

(4) Shares per unit ratios at performance levels between threshold and target and between target and maximum will be interpolated on a straight-line basis.

(5) Target cumulative average revenue growth rates for the 2006 - 2007 and 2006 - - 2008 performance tranches are based on the cumulative average growth rate needed to achieve the operating plan Scenario B for 2007 and 2008 with a baseline of 2005 actual revenue less a full year of divested revenue under operating plan Scenario B.

EXAMPLE OF RESTRICTED STOCK UNIT VESTING

Assume a grant of 6,000 Restricted Stock Units:

* 25% (1,500) are time-based and one-third (500) vests annually over 3 years beginning on the first anniversary of the date of grant;

* 75% (4,500) are performance-based: 50% of these (2,250) are based on pre-tax profit growth and the other 50% (2,250) are based on revenue growth; and

* Under the current vesting provisions, the maximum number of Time-Based Units that could vest is 1,500, and the maximum number of Performance-Based Units that could vest is 6,750.

The chart below shows the vesting based on the following illustrative financial results:

Performance Period	Example Pre-Tax Profit or Cumulative Pre-Tax Profit Achieved (1)	Units Vested Into Shares Based on Pre-Tax Profit Achieved	Example Revenue Growth Rate or Cumulative Average Revenue Growth Rate Achieved(1)	Units Vested Into Shares Based on Revenue Growth Rate Achieved
2006	$___M	1.5 Shares per Unit	___%	.75 Share per Unit

2006 - 2007	$___M	.75 Share per Unit	___%	0 Shares per Unit
2006 - 2008	$___M	1.0 Share per Unit	___%	1.0 Share per Unit

(1) All financial numbers provided are for illustrative purposes only

SAMPLE VESTING CHART FROM 2006 ANNUAL RESTRICTED STOCK UNIT GRANT

Vesting Date:	March 2007		March 2008		March 2009		Vesting Total		Target Total
Performance Period For Performance-Based Units:	2006		2006 to 2007		2006 to 2008				
Time-Based Number of Units/Shares:	500	+	500	+	500	=	1,500	=	1,500
Target Number of Units:	750	+	750	+	750			=	2,250
Pre-Tax Profit-Based Units to Shares Conversion Rate:	1.5		.75		1.0				
Pre-Tax Profit-Based Units Vested into Shares:	1,125	+	563	+	750	=	2,438		
Target Number of Units	750	+	750	+	750			=	2,250
Revenue-Based Units to Shares Conversion Rate:	.75		0		1.0				
Revenue-Based Units Vested into Shares:	563	+	0	+	750	=	1,313		
Total Number of Shares That Vest:							5,251		

Exhibit 10.2

Restricted Stock Units Granted to Certain Executive Officers

In March 2006, restricted stock units were granted to certain executive officers as follows. The grants consist of time-based units (25% of grant) and performance-based units (75% of grant).

Name and Title	Total Number of Restricted Stock Units Granted
Joseph W. McGrath President and Chief Executive Officer	200,000
Peter Blackmore Executive Vice President	80,000
Janet B. Wallace Executive Vice President	15,000
Janet B. Haugen Senior Vice President and Chief Financial Officer	60,000

Exhibit 12

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

	Three Months Ended Mar. 31, 2006	Years Ended December 31 2005	2004	2003	2002	2001
Fixed charges						
Interest expense	$ 19.8	$ 64.7	$ 69.0	$ 69.6	$ 66.5	$ 70.0
Interest capitalized during the period	2.9	15.0	16.3	14.5	13.9	11.8
Amortization of debt issuance expenses	.9	3.4	3.5	3.8	2.6	2.7
Portion of rental expense representative of interest	15.2	60.9	61.6	55.2	53.0	53.9
Total Fixed Charges	38.8	144.0	150.4	143.1	136.0	138.4
Earnings						
Income (loss) from continuing operations before income taxes	(35.2)	(170.9)	(76.0)	380.5	332.8	(73.0)
Add (deduct) the following:						
Share of loss (income) of associated companies	4.2	(7.2)	(14.0)	(16.2)	14.2	(8.6)
Amortization of capitalized interest	3.2	12.9	11.7	10.2	8.8	5.4
Subtotal	(27.8)	(165.2)	(78.3)	374.5	355.8	(76.2)
Fixed charges per above	38.8	144.0	150.4	143.1	136.0	138.4
Less interest capitalized during the period	(2.9)	(15.0)	(16.3)	(14.5)	(13.9)	(11.8)
Total earnings (loss)	$ 8.1	$(36.2)	$ 55.8	$503.1	$477.9	$ 50.4
Ratio of earnings to fixed charges	*	*	*	3.52	3.51	*

* Earnings for the three months ended March 31, 2006 and for the years ended December 31, 2005, 2004 and 2001 were inadequate to cover fixed charges by $30.7 million, $180.2 million, $94.6 million and $88.0 million, respectively.

Exhibit 31.1

CERTIFICATION

I, Joseph W. McGrath, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2006

/s/ Joseph W. McGrath

Name: Joseph W. McGrath
Title: President and Chief
Executive Officer

Exhibit 31.2

CERTIFICATION

I, Janet Brutschea Haugen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Unisys Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2006

/s/ Janet Brutschea Haugen

Name: Janet Brutschea Haugen
Title: Senior Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF PERIODIC REPORT

I, Joseph W. McGrath, President and Chief Executive Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2006 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 28, 2006

/s/ Joseph W. McGrath
\- ------------------------
Joseph W. McGrath
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION OF PERIODIC REPORT

I, Janet Brutschea Haugen, Senior Vice President and Chief Financial Officer of Unisys Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2006 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 28, 2006

/s/ Janet Brutschea Haugen
- ------------------------
Janet Brutschea Haugen
Senior Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.