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 June 30, 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 June 30, 2006: 343,771,654.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	June 30, 2006 (Unaudited)	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$ 655.1	$ 642.5
Accounts and notes receivable, net	1,082.2	1,111.5
Inventories:		
Parts and finished equipment	103.4	103.4
Work in process and materials	80.2	90.7
Deferred income taxes	110.2	68.2
Prepaid expenses and other current assets	155.7	137.0

Total	2,186.8	2,153.3
Properties	1,346.6	1,320.8
Less-Accumulated depreciation and amortization	984.9	934.4
Properties, net	361.7	386.4
Outsourcing assets, net	420.6	416.0
Marketable software, net	317.0	327.6
Investments at equity	1.1	207.8
Prepaid pension cost	1,318.3	66.1
Deferred income taxes	138.4	138.4
Goodwill	192.1	192.0
Other long-term assets	138.7	141.3
Total	$5,074.7	$4,028.9
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 10.7	$ 18.1
Current maturities of long-term debt	.8	58.8
Accounts payable	390.0	444.6
Other accrued liabilities	1,393.9	1,293.3
Total	1,795.4	1,814.8
Long-term debt	1,049.2	1,049.0
Accrued pension liabilities	352.4	506.9
Other long-term liabilities	684.5	690.8
Stockholders' equity (deficit)		
Common stock, shares issued: 2006; 345.8 2005, 344.2	3.5	3.4
Accumulated deficit	(2,330.6)	(2,108.1)
Other capital	3,931.6	3,917.0
Accumulated other comprehensive loss	(411.3)	(1,844.9)
Stockholders' equity (deficit)	1,193.2	(32.6)
Total	$5,074.7	$4,028.9

See notes to consolidated financial statements.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Revenue				
Services	$1,224.5	$1,236.0	$2,400.9	$2,343.7
Technology	182.8	199.5	394.2	458.4
	1,407.3	1,435.5	2,795.1	2,802.1
Costs and expenses				
Cost of revenue:				
Services	1,136.3	1,063.4	2,212.8	2,044.8
Technology	108.1	94.7	217.5	219.6
	1,244.4	1,158.1	2,430.3	2,264.4
Selling, general and administrative	282.7	267.4	578.1	529.0
Research and development	63.9	66.6	139.2	131.5
	1,591.0	1,492.1	3,147.6	2,924.9
Operating loss	(183.7)	(56.6)	(352.5)	(122.8)
Interest expense	19.1	15.2	38.9	27.8
Other income (expense), net	(.7)	32.0	152.7	32.5
Loss before income taxes	(203.5)	(39.8)	(238.7)	(118.1)
Benefit for income taxes	(8.9)	(12.7)	(16.2)	(45.5)
Net loss	$ (194.6)	$ (27.1)	$ (222.5)	$ (72.6)
Loss per share				
Basic	$ (.57)	$ (.08)	$ (.65)	$ (.21)
Diluted	$ (.57)	$ (.08)	$ (.65)	$ (.21)

See notes to consolidated financial statements.

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

	Six Months Ended June 30 2006	2005
Cash flows from operating activities		
Net loss	$ (222.5)	$ (72.6)
Add (deduct) items to reconcile net loss to net cash (used for) provided by operating activities:		
Equity loss (income)	4.3	(11.6)
Employee stock compensation	3.2	
Depreciation and amortization of properties	58.5	61.8
Depreciation and amortization of outsourcing assets	66.7	65.6
Amortization of marketable software	66.2	59.2
Gain on sale of NUL shares and other assets	(153.2)	
Increase in deferred income taxes, net	(41.9)	(.6)
Decrease in receivables, net	66.7	73.6
Decrease in inventories	10.2	10.4
Increase (decrease) in accounts payable and other accrued liabilities	8.0	(249.3)
(Decrease) increase in other liabilities	(44.5)	122.6
Decrease (increase) in other assets	1.2	(24.8)
Other	11.1	56.4
Net cash (used for) provided by operating activities	(166.0)	90.7
Cash flows from investing activities		
Proceeds from investments	3,729.3	3,709.4
Purchases of investments	(3,731.3)	(3,698.8)
Investment in marketable software	(55.3)	(63.3)
Capital additions of properties	(32.7)	(59.4)
Capital additions of outsourcing assets	(50.1)	(86.3)
Proceeds from sale of NUL shares and other assets	380.6	
Purchases of businesses		(.5)
Net cash provided by (used for) investing activities	240.5	(198.9)
Cash flows from financing activities		
Net (reduction in) proceeds from short-term borrowings	(7.4)	.5
Proceeds from employee stock plans	.9	12.8
Payments of long-term debt	(57.9)	(150.7)
Financing fees	(4.6)	
Net cash used for financing activities	(69.0)	(137.4)
Effect of exchange rate changes on cash and cash equivalents	7.1	(16.0)
Increase (decrease) in cash and cash equivalents	12.6	(261.6)
Cash and cash equivalents, beginning of period	642.5	660.5
Cash and cash equivalents, end of period	$ 655.1	$ 398.9

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 and six months ended June 30, 2006 and 2005 (dollars in millions, shares in thousands):

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Basic Loss Per Share				
Net loss	$ (194.6)	$ (27.1)	$ (222.5)	$ (72.6)
Weighted average shares	343,414	340,047	342,936	339,147
Basic loss per share	$ (.57)	$ (.08)	$ (.65)	$ (.21)
Diluted Loss Per Share				
Net loss	$ (194.6)	$ (27.1)	$ (222.5)	$ (72.6)
Weighted average shares	343,414	340,047	342,936	339,147
Plus incremental shares from assumed conversions of employee stock plans	-	-	-	-
Adjusted weighted average shares	343,414	340,047	342,936	339,147
Diluted loss per share	$ (.57)	$ (.08)	$ (.65)	$ (.21)

At June 30, 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 and six months ended June 30, 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 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.

As part of the company's continuing repositioning plan to right size its cost structure, during the three months ended June 30, 2006, the company committed to an additional reduction of approximately 1,900 employees. This resulted in a pretax charge in the second quarter of 2006 of $141.2 million, principally related to severance costs. The charge is broken down as follows: (a) approximately 650 employees in the U.S. for a charge of $22.1 million and (b) approximately 1,250 employees outside the U.S. for a charge of $119.1 million. The pretax charge was recorded in the following statement of income classifications: cost of revenue-services, $101.4 million; selling, general and administrative expenses, $28.3 million; research and development expenses, $11.8 million; and other income (expense), net, $.3 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.

For the six months ended June 30, 2006, the pretax charge of $287.1 million was recorded in the following statement of income classifications: cost of revenue-services, $184.8 million; cost of revenue-technology, $2.0 million; selling, general and administrative expenses, $73.7 million; research and development expenses, $29.4 million; and other income (expense), net, $2.8 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.

Of the total of approximately 5,500 employee reductions announced in the first half of 2006, approximately 90% are expected to be completed by the end of 2006 with the remaining reductions targeted for the first half of 2007. Net of increases in offshore resources and outsourcing of certain internal, non-client facing functions, the company anticipates that these combined actions will yield annualized cost savings in excess of $325 million by the second half of 2007. The company continues to explore other approaches to reducing its cost structure, including additional work force reductions and potential idle facility charges which could result in additional cost reduction charges in the second half of 2006.

A further breakdown of the individual components of these costs follows (in millions of dollars):

	Headcount	Total	U.S.	Int'l.
Charge for work force reductions	5,528	$287.1	$72.4	$214.7
Minority interest		2.8		2.8
	5,528	289.9	72.4	217.5
Utilized	(2,017)	(29.8)	(8.8)	(21.0)
Changes in estimates and revisions	(195)	(.4)	1.6	(2.0)
Translation adjustments		4.5		4.5
Balance at June 30, 2006	3,316	$264.2	$65.2	$199.0
Expected future utilization:				
2006 remaining six months	2,800	$150.6	$40.6	$110.0
2007 and thereafter	516	113.6	24.6	89.0

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 company common 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 $135 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 for the three and six months ended June 30, 2006 and 2005 is presented below (in millions of dollars):

	Three Months Ended June 30, 2006			Three Months Ended June 30, 2005		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	$ 27.4	$ 15.2	$ 12.2	$ 28.1	$ 15.6	$ 12.5
Interest cost	111.9	84.2	27.7	93.0	66.2	26.8
Expected return on plan assets	(140.7)	(110.3)	(30.4)	(119.8)	(90.2)	(29.6)
Amortization of prior service (benefit) cost	(.2)	(.5)	.3	(1.7)	(1.9)	.2
Recognized net actuarial loss	42.1	29.9	12.2	46.2	36.0	10.2
Net periodic pension expense	$ 40.5	$ 18.5	$22.0	$ 45.8	$ 25.7	$20.1

	Six Months Ended June 30, 2006			Six Months Ended June 30, 2005		
	Total	U.S. Plans	Int'l. Plans	Total	U.S. Plans	Int'l. Plans
Service cost	$ 57.2	$ 33.6	$23.6	$ 59.8	$ 34.7	$ 25.1
Interest cost	206.8	152.3	54.5	186.1	131.5	54.6
Expected return on plan assets	(260.6)	(201.0)	(59.6)	(240.8)	(180.5)	(60.3)
Amortization of prior service (benefit) cost	(.5)	(1.0)	.5	(3.0)	(3.8)	.8
Recognized net actuarial loss	90.5	66.4	24.1	90.5	70.1	20.4
Curtailment gain	(45.0)	(45.0)				
Net periodic pension expense	$ 48.4	$ 5.3	$43.1	$ 92.6	$ 52.0	$40.6

The company currently expects to make cash contributions of approximately $75 million to its worldwide defined benefit pension plans in 2006 compared with $71.6 million in 2005. For the six months ended June 30, 2006 and 2005, $33.7 million and $30.1 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 and six months ended June 30, 2006 and 2005 is presented below (in millions of dollars):

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Interest cost	$3.2	$3.5	$ 6.4	$ 6.9
Expected return on assets		(.1)	(.1)	(.2)
Amortization of prior service benefit	(.5)	(.5)	(1.0)	(1.0)
Recognized net actuarial loss	1.3	1.6	2.6	3.2
Net periodic postretirement benefit expense	$4.0	$4.5	$ 7.9	$ 8.9

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 six months ended June 30, 2006 and 2005, $12.7 million and $12.4 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 six months ended June 30, 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 $11.5 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 June 30, 2006, 5.4 million shares of unissued common stock of the company were available for granting under these plans.

As of June 30, 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 periods.

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:

	Six Months Ended June 30	
	2006	2005
Weighted-average fair value of grant	$2.53	$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 extent 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 six months ended June 30, 2006, the company recorded $3.2 million of share-based compensation expense, which is comprised of $3.0 million of restricted stock unit expense and $.2 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 six months ended June 30, 2006.

A summary of stock option activity for the six months ended June 30, 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	447	6.49		
Exercised	(150)	6.25		
Forfeited and expired	(2,344)	15.32		
Outstanding at June 30, 2006	45,489	16.54	4.7	$ .8
Vested and expected to vest at June 30, 2006	45,489	16.54	4.7	.8
Exercisable at June 30, 2006	44,789	16.71	4.7	.8

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 June 30, 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 six months ended June 30, 2006 and June 30, 2005 was immaterial. As of June 30, 2006, $1.6 million of total unrecognized compensation cost related to stock options is expected to be recognized over a weighted-average period of 1.6 years.

A summary of restricted stock unit activity for the six months ended June 30, 2006 follows (shares in thousands):

	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2005	352	$8.89
Granted	1,777	6.63
Vested	(128)	7.62
Forfeited and expired	(83)	10.45
Outstanding at June 30, 2006	1,918	6.81

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 six months ended June 30, 2006 and 2005 was $6.63 and $7.62, respectively. As of June 30, 2006, there was $9.0 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 1.7 years. The total fair value of restricted share units vested during the six months ended June 30, 2006 was $.8 million. No restricted share units vested during the six months ended June 30, 2005.

For the six months ended June 30, 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):

	Six Months Ended June 30
	2005
Net loss as reported	$(72.6)
Deduct total stock-based employee compensation expense determined under fair value method for all awards, net of tax	(11.1)
Pro forma net loss	$(83.7)
Loss per share	
Basic - as reported	$ (.21)
Basic - pro forma	$ (.25)
Diluted - as reported	$ (.21)
Diluted - pro forma	$ (.25)

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 six months ended June 30, 2006 and 2005 was $1.0 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 and six months ended June 30, 2006 and 2005 was $2.0 million and $4.8 million, and $3.3 million and $9.7 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 and six month periods ended June 30, 2006 and 2005 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended June 30, 2006				
Customer revenue	$1,407.3		$1,224.5	$ 182.8
Intersegment		$ (53.2)	3.8	49.4
Total revenue	$1,407.3	$ (53.2)	$1,228.3	$ 232.2
Operating loss	$ (183.7)	$(143.9)	$ (11.6)	$ (28.2)
Three Months Ended June 30, 2005				
Customer revenue	$1,435.5		$1,236.0	$ 199.5
Intersegment		$(75.7)	4.9	70.8
Total revenue	$1,435.5	$(75.7)	$1,240.9	$ 270.3
Operating income (loss)	$ (56.6)	$ 2.7	$ (46.4)	$ (12.9)
Six Months Ended June 30, 2006				
Customer revenue	$2,795.1		$2,400.9	$ 394.2
Intersegment		$ (95.8)	7.2	88.6
Total revenue	$2,795.1	$ (95.8)	$2,408.1	$ 482.8
Operating loss	$ (352.5)	$(288.7)	$ (22.1)	$ (41.7)
Six Months Ended June 30, 2005				
Customer revenue	$2,802.1		$2,343.7	$ 458.4
Intersegment		$(135.6)	9.7	125.9
Total revenue	$2,802.1	$(135.6)	$2,353.4	$ 584.3
Operating income (loss)	$ (122.8)	$ (7.7)	$ (121.5)	$ 6.4

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 June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Total segment operating loss	$ (39.8)	$ (59.3)	$ (63.8)	$(115.1)
Interest expense	(19.1)	(15.2)	(38.9)	(27.8)
Other income (expense), net	(.7)	32.0	152.7	32.5
Cost reduction charge	(141.2)		(287.1)	
Corporate and eliminations	(2.7)	2.7	(1.6)	(7.7)
Total loss before income taxes	$(203.5)	$ (39.8)	$(238.7)	$(118.1)

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

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Services				
Consulting and systems integration	$ 404.0	$ 443.5	$ 785.3	$ 813.3
Outsourcing	471.2	452.6	926.4	852.8
Infrastructure services	229.5	208.4	454.5	411.2
Core maintenance	119.8	131.5	234.7	266.4
	1,224.5	1,236.0	2,400.9	2,343.7
Technology				
Enterprise-class servers	145.6	165.7	313.7	363.9
Specialized technologies	37.2	33.8	80.5	94.5
	182.8	199.5	394.2	458.4
Total	$1,407.3	$1,435.5	$2,795.1	$2,802.1

g. Comprehensive income (loss) for the three and six months ended June 30, 2006 and 2005 includes the following components (in millions of dollars):

	Three Months Ended June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Net loss	$(194.6)	$ (27.1)	$ (222.5)	$ (72.6)
Other comprehensive income (loss)				
Cash flow hedges				
Income (loss), net of tax of $ -, $1.4, -, and $2.7	(.4)	2.6	(.2)	4.9
Reclassification adjustments, net of tax of $ -, $ (1.3), $- and $(.6)	.2	(2.4)	-	(1.0)
Foreign currency translation adjustments	(1.7)	1.4	(12.2)	17.2
Reversal of U.S. minimum pension liability	-	-	1,446.0	-
Total other comprehensive income (loss)	(1.9)	1.6	1,433.6	21.1
Comprehensive income (loss)	$(196.5)	$(25.5)	$1,211.1	$ (51.5)

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Accumulated other comprehensive income (loss) as of December 31, 2005 and June 30, 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	1,433.6	(12.2)	(.2)	1,446.0
Balance at June 30, 2006	$ (411.3)	$(639.5)	$ (.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 June 30		Six Months Ended June 30	
	2006	2005	2006	2005
Balance at beginning of period	$ 9.3	$ 11.0	$ 8.0	$ 11.6
Accruals for warranties issued during the period	2.1	1.9	5.0	4.3
Settlements made during the period	(2.4)	(2.6)	(4.8)	(5.5)
Changes in liability for pre-existing warranties during the period, including expirations	(.1)	(.9)	.7	(1.0)
Balance at June 30	$ 8.9	$ 9.4	$ 8.9	$ 9.4

i. Cash paid during the six months ended June 30, 2006 and 2005 for income taxes was $47.4 million and $24.5 million, respectively.

Cash paid during the six months ended June 30, 2006 and 2005 for interest was $49.0 million and $41.7 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.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109," (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. The company is currently evaluating what effect, if any, adoption of FIN 48 will have on the company's financial statements.

k. 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.

l. In June 2006, the company retired at maturity all $57.9 million of its remaining 8 1/8% senior notes.

Effective May 31, 2006, the company entered into a three-year, secured revolving credit facility. The new credit agreement, which provides for loans and letters of credit up to an aggregate of $275 million, replaces the company's $500 million credit agreement that expired on May 31, 2006. Borrowings under the new facility will bear interest based on short-term rates and the company's credit rating. The credit agreement contains customary representations and warranties, including no material adverse change in the company's business, results of operations or financial condition. It also contains financial covenants requiring the company to maintain certain interest coverage, leverage and asset coverage ratios and a minimum amount of liquidity, which could reduce the amount the company is able to borrow. The credit facility also includes covenants limiting liens, mergers, asset sales, dividends and the incurrence of debt. Events of default include non-payment, 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. The credit facility is secured by the company's assets, except that the collateral does not include accounts receivable that are subject to the receivable facility, U.S. real estate or the stock or indebtedness of the company's U.S. operating subsidiaries. As of June 30, 2006, there were letters of credit of approximately $24 million issued under the facility and there were no cash borrowings.

m. 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.

Overview

For the six months ended June 30, 2006, the company reported a net loss of $222.5 million, or $.65 per share, compared with a net loss of $72.6 million, or $.21 per share, for the six months ended June 30, 2005. The current period includes pretax charges of $287.1 million relating to cost reduction actions.

During the first half of 2006, the company executed against its previously-announced plan to fundamentally reposition the company for profitable growth. During the period, the company:

* began implementing personnel reductions by committing to a reduction of approximately 5,500 employees, which resulted in pretax charges of $287.1 million. See note (b) to the financial statements.

* 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 stopping the 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), a leading IT solutions provider in Japan. The company sold all of its 30.5 million shares in NUL, generating cash proceeds of approximately $378 million, which 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 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.

* reached 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.

* announced new high-end products in the company's ClearPath and MCP families which should help improve demand in the Technology business in the second half of 2006 compared with the first half of 2006.

Results of operations

Company results

For the three months ended June 30, 2006, the company reported a net loss of $194.6 million, or $.57 per share, compared with a net loss of $27.1 million, or $.08 per share, for the three months ended June 30, 2005.

Revenue for the quarter ended June 30, 2006 was $1.41 billion compared with $1.44 billion for the second quarter of 2005. Revenue in the current period decreased 2% from the prior year. This decrease was principally due to a decrease of 8% in Technology revenue and a decrease of 1% in Services revenue. Foreign currency fluctuations had a negligible impact on revenue in the current period compared with the year-ago period. U.S. revenue declined 6% in the quarter compared with the year-ago period principally in the company's Federal business. Revenue in international markets increased 2% due to increases in Latin America and Europe offset in part by a decline in Pacific/Asia. On a constant currency basis, international revenue increased 2% in the three months ended June 30, 2006 compared with the three months ended June 30, 2005.

Pension expense for the three months ended June 30, 2006 was $40.5 million compared with $45.8 million for the three months ended June 30, 2005. 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 11.6% in the three months ended June 30, 2006 compared with 19.3% in the three months ended June 30, 2005. This decline principally reflected a $101.4 million cost reduction charge in the current quarter.

Selling, general and administrative expenses were $282.7 million for the three months ended June 30, 2006 (20.1% of revenue) compared with $267.4 million (18.6% of revenue) in the year-ago period. The increase was principally due to a $28.3 million charge in 2006 relating to the cost reduction actions.

Research and development (R&D) expenses in the second quarter of 2006 were $63.9 million compared with $66.6 million in the second quarter of 2005. The company continues to invest in proprietary operating systems, middleware and in key programs within its industry practices. R&D expense in the second quarter of 2006 included an $11.8 million charge relating to the 2006 cost reduction actions. The decline in R&D, exclusive of the current period cost reduction charge, was principally a result of cost reduction actions.

For the second quarter of 2006, the company reported a pretax operating loss of $183.7 million compared with a pretax operating loss of $56.6 million in the second quarter of 2005. The principal item affecting the comparison was a $141.5 million charge in 2006 relating to the cost reduction actions.

Interest expense for the three months ended June 30, 2006 was $19.1 million compared with $15.2 million for the three months ended June 30, 2005, principally due to higher average debt.

Other income (expense), net, which can vary from period to period, was expense of $.7 million in the second quarter of 2006, compared with income of $32.0 million in 2005. The difference in 2006 from 2005 was principally due to (a) a decline in NUL equity income from $15.9 million in the year-ago quarter to zero in the current quarter due to the sale of the company's investment in NUL in March 2006 (see note d) and (b) expense of $2.2 million in the current quarter compared with income of $7.8 million in the last year's second quarter related to minority shareholders' portion of gains or losses of iPSL, a 51% owned subsidiary which is fully consolidated by the company, due to increased profit from iPSL resulting from the renegotiated contract in January 2006.

Income (loss) before income taxes for the three months ended June 30, 2006 was a loss of $203.5 million compared with a loss of $39.8 million in 2005. The benefit for income taxes was $8.9 million in the current quarter compared with a benefit of $12.7 million in the year-ago period. Due to the fact that the company has a full valuation allowance for all of its U.S. tax assets and certain international subsidiaries, which was recorded 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.

For the six months ended June 30, 2006, the company reported a net loss of $222.5 million, or $.65 per share, compared with a net loss of $72.6 million, or $.21 per share, for the six months ended June 30, 2005. The current period includes a pretax charge of $287.1 million relating to the cost reduction actions.

Total revenue for both the six months ended June 30, 2006 and 2005 was $2.80 billion. Foreign currency translations had a 2 percentage point negative impact on revenue in the current six months when compared with the year-ago period. In the current six-month period, Services revenue increased 2% and Technology revenue decreased 14%.

U.S. revenue declined 3% in the current six-month period compared with the year-ago period. Revenue in international markets increased 2% driven by increases in Europe and Latin America which was partially offset by a decrease in Pacific/Asia/Japan. On a constant currency basis, international revenue increased 6% in the six months ended June 30, 2006.

Pension expense for the six months ended June 30, 2006 was $48.4 million compared with $92.6 million of pension expense for the six months ended June 30, 2005. The decrease in pension expense in 2006 from 2005 was principally due to the U.S. curtailment gain of $45.0 million recognized in March 2006.

Total gross profit margin was 13.1% in the six months ended June 30, 2006 compared with 19.2% in the year-ago period. The current period included a $186.8 million charge related to the cost reduction actions.

For the six months ended June 30, 2006, selling, general and administrative expense were $578.1 million (20.7% of revenue) compared with $529.0 million (18.9% of revenue) for the six months ended June 30, 2005. Selling general and administrative expenses for the six months ended June 30, 2006 included $73.7 million related to the cost reduction actions. Selling, general and administrative expense in the current six-month period includes $10.3 million of pension expense compared with pension expense of $18.0 million in the year-ago period.

R&D expense for the six months ended June 30, 2006 was $139.2 million compared with $131.5 million a year ago. R&D expense in the first six months of 2006 included $29.4 million related to the cost reduction actions. R&D in the current period includes $1.2 million of pension expense compared with pension expense of $9.8 million in the year-ago period.

For the six months ended June 30, 2006, the company reported an operating loss of $352.5 million compared with an operating loss of $122.8 million for the six months ended June 30, 2005. The current period includes a $289.9 million charge related to the cost reduction actions. The current period also includes pension expense of $48.4 million compared with pension expense of $92.6 million in the year-ago period.

Interest expense for the six months ended June 30, 2006 was $38.9 million compared with $27.8 million for the six months ended June 30, 2005, principally due to higher average debt.

Other income (expense), net was income of $152.7 million in the current six-month period compared with income of $32.5 million in the year-ago period. The increase in income was principally due to the $149.9 million gain from the sale of all of the company's shares in NUL (see note (d)), offset in part by (a) a decline in NUL equity income from $11.5 million in the year-ago period to a loss of $4.2 million in the current six month period, and (b) an expense of $.8 million in the current period compared with income of $16.1 million in the last year's six month period related to minority shareholders' portion of gains or losses of iPSL, a 51% owned subsidiary which is fully consolidated by the company.

Income (loss) before income taxes was a loss of $238.7 million in the six months ended June 30, 2006 compared with a loss of $118.1 million last year. The benefit for income taxes was $16.2 million in the current period compared with a benefit of $45.5 million in the year-ago period.

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 and six months ended June 30, 2006 and 2005 was $2.0 million and $4.8 million, and $3.3 million and $9.7 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 June 30, 2006				
Customer revenue	$1,407.3		$1,224.5	$182.8
Intersegment		$(53.2)	3.8	49.4
Total revenue	$1,407.3	$(53.2)	$1,228.3	$232.2
Gross profit percent	11.6 %		14.3 %	37.6 %
Operating loss percent	(13.1)%		(.9)%	(12.2)%
Three Months Ended June 30, 2005				
Customer revenue	$1,435.5		$1,236.0	$199.5
Intersegment		$(75.7)	4.9	70.8
Total revenue	$1,435.5	$(75.7)	$1,240.9	$270.3
Gross profit percent	19.3%		12.2%	44.6%
Operating loss percent	(3.9)%		(3.7)%	(4.8)%

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

In the Services segment, customer revenue was $1.22 billion for the three months ended June 30, 2006 compared with $1.24 billion for the three months ended June 30, 2005. Foreign currency translation had a negligible impact on Services revenue in current quarter compared with the year-ago period. Revenue in the second quarter of 2006 declined 1% compared with 2005, principally due to a 4% increase in outsourcing ($471.2 million in 2006 compared with $452.6 million in 2005) and a 10% increase in infrastructure services ($229.5 million in 2006 compared with $208.4 million in 2005), offset by a 9% decrease in consulting and systems integration revenue ($404.0 million in 2006 compared with $443.5 million in 2005) and a 9% decrease in core maintenance revenue ($119.8 million in 2006 compared with $131.5 million in 2005). Services gross profit was 14.3% in the second quarter of 2006 compared with 12.2% in the year-ago period. Services operating income (loss) percent was (.9)% in the three months ended June 30, 2006 compared with (3.7)% in the three months ended June 30, 2005. The Services margin improvements were principally due to operational improvements in several large BPO contracts.

In the Technology segment, customer revenue was $183 million in the current quarter compared with $200 million in the year-ago period. Foreign currency translation had a negative impact of approximately 1 percentage point on Technology revenue in the current period compared with the prior-year period. Revenue in the three months ended June 30, 2006 was down 8% from the three months ended June 30, 2005, due to a 12% decrease in sales of enterprise-class servers ($145.6 million in 2006 compared with $165.7 million in 2005) offset in part by a 10% increase in sales of specialized technology products ($37.2 million in 2006 compared with $33.8 million in 2005). Technology gross profit was 37.6% in the current quarter compared with 44.6% in the year-ago quarter. Technology operating income percent was (12.2)% in the three months ended June 30, 2006 compared with (4.8)% in the three months ended June 30, 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 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 six months ended June 30, 2006, the company recorded $3.2 million of share-based compensation expense. Previous periods have not been restated. See note (e) for further details.

In July 2006, the Financial Accounting Standards Board (FASB) issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109," (FIN 48). FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. The company is currently evaluating what effect, if any, adoption of FIN 48 will have on the company's financial statements.

Financial condition

Cash and cash equivalents at June 30, 2006 were $655.1 million compared with $642.5 at December 31, 2005.

During the six months ended June 30, 2006, cash used for operations was $166.0 million compared with cash provided of $90.7 million for the six months ended June 30, 2005. The prior-year period included a tax refund of approximately $39 million. Also contributing to the reduction in operating cash flow was a reduction in the amount of receivables sold in the company's U.S. securitization and a reduction in the amount of customer prepayments. Cash expenditures in the current period related to the current year and prior-year restructuring actions (which are included in operating activities) were approximately $39.6 million compared with $33.6 million for the prior-year period. Cash expenditures for the current-year and the prior-year restructuring actions are expected to be approximately $158.4 million for the remainder of 2006, resulting in an expected cash expenditure of approximately $198 million in 2006 compared with $57.8 million in 2005.

Cash provided by investing activities for the six months ended June 30, 2006 was $240.5 million compared with $198.9 million of cash used during the six months ended June 30, 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 $2.0 million for the six months ended June 30, 2006 compared with net proceeds of $10.6 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 period, the investment in marketable software was $55.3 million compared with $63.3 million in the year-ago period, capital additions of properties were $32.7 million in 2006 compared with $59.4 million in 2005 and capital additions of outsourcing assets were $50.1 million in 2006 compared with $86.3 million in 2005.

Cash used for financing activities during the six months ended June 30, 2006 was $69.0 million compared with $137.4 million of cash used during the six months ended June 30, 2005. The current period includes a cash expenditure of $57.9 million to retire at maturity all of the company's remaining 8 1/8% senior notes. The prior-year period included a cash expenditure of $150.0 million to retire at maturity all of the company's 7 1/4% senior notes.

At June 30, 2006, total debt was $1.06 billion, a decrease of $65.2 million from December 31, 2005.

The company has various lending and funding arrangements as follows:

Effective May 31, 2006, the company entered into a three-year, secured revolving credit facility. The new credit agreement, which provides for loans and letters of credit up to an aggregate of $275 million, replaces the company's $500 million credit agreement that expired on May 31, 2006. Borrowings under the new facility will bear interest based on short-term rates and the company's credit rating. The credit agreement contains customary representations and warranties, including no material adverse change in the company's business, results of operations or financial condition. It also contains financial covenants requiring the company to maintain certain interest coverage, leverage and asset coverage ratios and a minimum amount of liquidity, which could reduce the amount the company is able to borrow,. The credit facility also includes covenants limiting liens, mergers, asset sales, dividends and the incurrence of debt. Events of default include non-payment, 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, discussed below. The credit facility is secured by the company's assets, except that the collateral does not include accounts receivable that are subject to the receivable facility, U.S. real estate or the stock or indebtedness of the company's U.S. operating subsidiaries. As of June 30, 2006, there were letters of credit of approximately $24 million issued under the facility and there were no cash borrowings.

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.

Under the accounts receivable facility, the company has agreed to sell, on an on-going basis, through Unisys Funding Corporation I, a wholly owned subsidiary, interests in up to $300 million of eligible U.S. trade accounts receivable. The receivables are sold at a discount that reflects a margin based on, among other things, the company's then-current S&P and Moody's credit rating. The facility is terminable by the purchasers if the company's public debt securities are rated below B by S&P or B2 by Moody's and requires the maintenance of certain ratios related to the sold receivables. At June 30, 2006, the company's public debt was rated BB- and Ba3 by S&P and Moody's, respectively. On July 20, 2006, Moody's lowered its rating on the company's public debt to B2. The facility is renewable annually at the purchasers' option until November 2008.

At June 30, 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 $1,225.8 million during the six months ended June 30, 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 $222.5 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 or increase its offshore resources 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 and customer acceptance of the new models announced in the second quarter of 2006. 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. Future results will depend, in part, on customer acceptance of new ClearPath 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, 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 June 30, 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 June 30, 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 4. Submission of Matters to a Vote of Security Holders
- ------- ---

(a) The company's 2006 Annual Meeting of Stockholders (the "Annual Meeting") was held on April 20, 2006 in Philadelphia, Pennsylvania.

(b) The following matters were voted upon at the Annual Meeting and received the following votes:

(1) Election of Directors as follows:

Randall J. Hogan - 302,803,483 votes for; 9,493,299 votes withheld

Edwin A. Huston - 295,929,801 votes for; 16,366,981 votes withheld

Leslie F. Kenne - 302,872,185 votes for; 9,424,597 votes withheld

Joseph W. McGrath - 301,196,395 votes for; 11,100,387 votes withheld

(2) Ratification of the selection of the company's independent registered public accounting firm for 2006 - 304,389,020 votes for; 5,306,945 votes against; 2,600,817 abstentions.

Item 5. Other Information
- ------ -----------------

See note (b) of the notes to consolidated financial statements for information on the restructuring charge taken in the second 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: August 9, 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)
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

Exhibit 12

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

	Six Months Ended June 30, 2006	Years Ended December 31 2005	2004	2003	2002	2001
Fixed charges						
Interest expense	$ 38.9	$ 64.7	$ 69.0	$ 69.6	$ 66.5	$ 70.0
Interest capitalized during the period	5.8	15.0	16.3	14.5	13.9	11.8
Amortization of debt issuance expenses	1.9	3.4	3.5	3.8	2.6	2.7
Portion of rental expense representative of interest	30.5	60.9	61.6	55.2	53.0	53.9
Total Fixed Charges	77.1	144.0	150.4	143.1	136.0	138.4
Earnings						
Income (loss) from continuing operations before income taxes	(238.7)	(170.9)	(76.0)	380.5	332.8	(73.0)
Add (deduct) the following:						
Share of loss (income) of associated companies	4.3	(7.2)	(14.0)	(16.2)	14.2	(8.6)
Amortization of capitalized interest	6.4	12.9	11.7	10.2	8.8	5.4
Subtotal	(228.0)	(165.2)	(78.3)	374.5	355.8	(76.2)
Fixed charges per above	77.1	144.0	150.4	143.1	136.0	138.4
Less interest capitalized during the period	(5.8)	(15.0)	(16.3)	(14.5)	(13.9)	(11.8)
Total earnings (loss)	$(156.7)	$(36.2)	$ 55.8	$503.1	$477.9	$ 50.4
Ratio of earnings to fixed charges	*	*	*	3.52	3.51	*

* Earnings for the six months ended June 30, 2006 and for the years ended December 31, 2005, 2004 and 2001 were inadequate to cover fixed charges by $233.8 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: August 9, 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: August 9, 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 June 30, 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: August 9, 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 June 30, 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: August 9, 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.