

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

FORM 8-K

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

Date of Report (Date of Earliest Event Reported) October 14, 2004

UNISYS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

1-8729

38-0387840

(State or Other
Jurisdiction of
Incorporation)

(Commission File Number)

(IRS Employer
Identification No.)

Unisys Way,
Blue Bell, Pennsylvania 19424

(Address of Principal Executive Offices) (Zip Code)

(215) 986-4011

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- \ \ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- \ \ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- \ \ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- \ \ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On October 14, 2004, Unisys Corporation issued a news release to report its financial results for the quarter ended September 30, 2004. The release is furnished as Exhibit 99 to this Current Report.

The information in this Current Report, including the Exhibit attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. The information contained herein and in the accompanying Exhibit shall not be incorporated by reference into any registration statement or other document filed with the Securities and Exchange Commission by Unisys Corporation, whether before or after the date hereof, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(c) The following exhibit is being furnished herewith:

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

UNISYS CORPORATION

Date: October 14, 2004

By: /s/ Janet B. Haugen

Janet B. Haugen
Senior Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit

No.

99 News Release, dated October 14, 2004, of Unisys Corporation.

UNISYS

Media Contacts:

Elizabeth Douglass, 215-986-6583 elizabeth.douglass@unisys.com

Jacqueline Lewis, 215-986-5204 jacqueline.lewis@unisys.com

Investor Contact:

Jim Kerr, 215-986-5795 jim.kerr@unisys.com

UNISYS MEETS EARNINGS GUIDANCE FOR THIRD QUARTER 2004; COMPANY REPORTS STRONG ORDER GROWTH AND REAFFIRMS EARNINGS GUIDANCE FOR FULL YEAR 2004

BLUE BELL, Pa., October 14, 2004 - Unisys Corporation (NYSE: UIS) today reported third-quarter 2004 net income of \$25.2 million, or 7 cents per diluted share, compared with third-quarter 2003 net income of \$56.2 million, or 17 cents per diluted share. Revenue for the third quarter of 2004 was flat at \$1.45 billion compared with the year-ago quarter. Currency had a 3 percentage-point positive impact on the company's revenue in the third quarter, reflecting a weak U.S. dollar against most major currencies worldwide.

The third-quarter 2004 results included pre-tax pension expense of \$23.5 million compared with pre-tax pension income of \$8.5 million in the prior-year quarter. Excluding the effect of pension accounting in both periods, net income for the third quarter of 2004 was \$41.1 million, or 12 cents per diluted share, compared with net income of \$50.5 million, or 15 cents per diluted share, in the year-ago period.

The third-quarter 2004 results also included a previously announced net benefit of \$8.2 million, or 2 cents per diluted share, from the items below:

* During the quarter the U.S. Congressional Joint Committee on Taxation approved an income tax refund to Unisys related to the settlement of tax audit issues dating to the mid 1980s. The refund, including interest, totals approximately \$40 million. After payment of related state taxes, Unisys expects a net cash refund of approximately \$30 million by the end of 2004 or in early 2005. As a result of the resolution of these audit issues, the company recorded favorable adjustments to its existing tax liability reserves, which resulted in a tax benefit of \$68.2 million, or 20 cents per diluted share, to net income in the third quarter of 2004.

* As part of its ongoing efforts to reduce its cost base and enhance its administrative efficiency, on September 30, 2004 Unisys consolidated facility space and committed to a reduction in global headcount of about 1,400 employees, primarily in general and administrative areas. These actions resulted in a pre-tax charge to earnings of \$82.0 million (\$60.0 million after tax), or 18 cents per diluted share, in the third quarter of 2004. The pre-tax charge impacted the following statement of income classifications (in millions of dollars):

Cost of revenue	\$28.1
SG&A	50.2
R&D	8.4

Operating income	86.7
Less other income (expense), net	4.7

Pre-tax income	82.0

The income recorded in other income (expense), net, relates to minority interests.

COMMENTS FROM CHAIRMAN AND CEO LARRY WEINBACH

"After a tough second quarter, we regained our momentum and achieved our financial targets for the third quarter," said Unisys Chairman and CEO Lawrence A. Weinbach. "I was particularly encouraged by our strong double-digit order growth in the quarter, driven by a number of contract signings in outsourcing and infrastructure services. We also saw strong growth in consulting and systems integration revenue and in our ES7000 server sales. In fact, this was the highest revenue quarter for our ES7000 servers in the history of the program.

"We took a number of actions in the third quarter to enhance our success in the marketplace and drive profitable revenue growth. We have implemented integrated sales and marketing programs to ensure clients and prospects are aware of the full 'one Unisys' portfolio of services and solutions. We are

focusing more resources on key accounts, market segments and geographies where we have the greatest opportunity to win market share. We also are being more aggressive in bringing Unisys solutions to market. During the quarter, for instance, we launched the Unisys Global Visible Commerce family of solutions to help organizations build secure, flexible supply chains. In our technology business, we introduced new Linux-based offerings for the ES7000 family - opening us to a fast-growing market that complements our existing Windows-based ES7000 program.

"We also continue our ongoing efforts to reduce costs and enhance efficiency," Weinbach said. "During the quarter we initiated actions to reduce expenses by consolidating facility space and reducing global headcount by about 1,400 employees, primarily in general and administrative areas. The company expects these actions will yield approximately \$70 million of annualized cost savings on a run-rate basis by the end of 2005. These cost actions, and our enhanced sales and marketing efforts, will position us well for 2005."

THIRD-QUARTER COMPANY HIGHLIGHTS

Overall orders showed strong double-digit growth in the quarter. Services orders showed substantial growth, driven by outsourcing and infrastructure services, while technology orders declined.

On a geographic basis, U.S. revenue declined 4% to \$655 million. Revenue in international markets increased 3% in the quarter to \$791 million, driven by growth in Europe, the South Pacific, and Japan.

The company posted an operating loss of \$38.0 million in the third quarter of 2004, compared with operating income of \$105.9 million in the year-ago quarter. The principal reasons for the decline were:

- * The charge related to the cost reduction actions to reduce headcount and consolidate facilities

- * Pension expense in the third quarter of 2004 compared to pension income in the third quarter of 2003

- * Lower margins in the company's outsourcing business

THIRD-QUARTER BUSINESS SEGMENT HIGHLIGHTS

Unisys has a long-standing policy to evaluate business segment performance on operating income exclusive of restructuring charges and unusual and nonrecurring items. Therefore, the comparisons below exclude the cost reduction item discussed above.

Customer revenue in the company's services segment grew 2% in the third quarter of 2004 compared with the year-ago period, as growth in consulting and systems integration and outsourcing offset revenue declines in infrastructure services and core maintenance. Excluding the impact of pension accounting in both periods, services gross profit margin declined to 17.6% from 19.7% a year ago, while services operating margin declined to 1.6% compared with 3.5% a year ago. The services margin declines in the quarter were driven by lower margins in the outsourcing business principally due to modifications of two contracts. On a reported basis, gross profit margin in the services business declined to 16.2% from 19.8% a year ago, while the services operating margin was (0.2%) compared with 3.9% a year ago.

Customer revenue in the company's technology segment declined 8% in the third quarter, driven by double-digit declines in specialized technology sales. Enterprise server sales were flat compared to the year-ago quarter as strong double-digit growth in Intel-based ES7000 servers offset a slight revenue decline in ClearPath sales. Excluding the impact of pension accounting in both periods, technology gross margin declined to 51.1% in the third quarter of 2004 from 52.9% in the year-ago quarter. Technology operating margin excluding pension accounting declined to 14.7%, compared with 15.3% in the year-ago period. On a reported basis, technology gross margin declined to 51.0% from 53.1% a year ago, and technology operating margin declined to 13.9% from 16.5% a year ago.

CASH FLOW HIGHLIGHTS

Unisys used \$1 million of cash from operations in the third quarter of 2004 compared with operational cash flow of \$114 million in the year-ago quarter. The change in operational cash flow year-over-year was primarily driven by lower customer prepayments in the third quarter of 2004 compared with the prior-year period. Capital expenditures in the third quarter of 2004 were \$77 million, including \$58 million invested in revenue-generating projects. Unisys ended the quarter with \$574 million of cash on hand.

YEAR-TO-DATE RESULTS

For the nine months ended September 30, 2004 Unisys reported net income of \$73.5 million, or 22 cents per diluted share, compared with net income of \$147.2 million, or 44 cents per diluted share, in the year-ago period. As

mentioned above, net income for the nine months ended September 30, 2004 includes income of \$8.2 million, or 2 cents per diluted share, related to the tax refund and cost reduction items. Excluding the impact of pension accounting in both periods, the company reported net income of \$121.4 million, or 36 cents per diluted share, for the first nine months of 2004 compared with \$131.9 million, or 40 cents per diluted share, in the year-ago period. Revenue for the first nine months of 2004 was \$4.30 billion compared with \$4.27 billion in the first nine months of 2003.

BUSINESS OUTLOOK

"We expect to close out 2004 with strong earnings in our fourth quarter," Weinbach said. "This would enable us to achieve our previously stated guidance of full-year 2004 earnings per share, excluding the impact of pension accounting, in the 68-72 cents range on flat to low single-digit revenue growth."

CONFERENCE CALL

Unisys will hold a conference call today at 8:15 a.m. Eastern Time to discuss its results. The listen-only Webcast, as well as the accompanying presentation materials, can be accessed via a link on the Unisys Investor Web site at www.unisys.com/investor. Following the call, an audio replay of the Webcast, and accompanying presentation materials, can be accessed through the same link.

ABOUT UNISYS

Unisys is a worldwide information technology services and solutions company. Our people combine expertise in consulting, systems integration, outsourcing, infrastructure and server technology with precision thinking and relentless execution to help clients, in more than 100 countries, quickly and efficiently achieve competitive advantage. For more information, visit www.unisys.com.

FORWARD-LOOKING STATEMENTS

Any statements contained in this release that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, any projections of earnings, revenues or other financial items; any statements of the company's plans, strategies or objectives for future operations; statements regarding future economic conditions or performance; and any statements of belief or expectation. All forward-looking statements rely on assumptions and are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. In particular, statements in this release concerning the anticipated cost savings associated with headcount reductions are subject to the risk that the company may not implement the reductions as quickly or as fully as currently planned. In addition, statements in this release regarding the company's financial outlook are based in part on the company's assumptions for the economy. Risks and uncertainties that could affect the company's future results include general economic and business conditions, the effects of aggressive competition in the information services and technology markets on the company's revenues, pricing and margins and on the competitiveness of its product and services offerings, the level of demand for the company's products and services and the company's ability to anticipate and respond to changes in technology and customer preferences, the company's ability to grow and execute outsourcing and infrastructure services, the company's ability to drive profitable growth in consulting and systems integration, the degree of market acceptance of the company's high-end enterprise servers, the company's ability to maintain tight cost controls, the risks of doing business internationally and the potential for infringement claims to be asserted against the company or its clients. Additional discussion of these and other factors that could affect Unisys future results is contained in its periodic filings with the Securities and Exchange Commission. Unisys assumes no obligation to update any forward-looking statements.

PRESENTATION OF INFORMATION IN THIS PRESS RELEASE

This release presents information that excludes pension income/expense. This financial measure is considered non-GAAP. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows where amounts are either excluded or included not in accordance with generally accepted accounting principles. A reconciliation of this non-GAAP measure to the most directly comparable GAAP measure, as well as disclosure of the reasons why the company uses this measure, is included in the financial information accompanying this release.

###

RELEASE NO: 1014/8455 (See accompanying financial information)
http://www.unisys.com/about_unisys/news_a_events/10148455.htm

Unisys is a registered trademark of Unisys Corporation. All other brands and products referenced herein are acknowledged to be trademarks or registered trademarks of their respective holders.

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

	Three Months		Nine Months	
	Ended September 30		Ended September 30	
	2004	2003	2004	2003
Revenue				
Services	\$1,147.1	\$1,124.3	\$3,470.9	\$3,394.7
Technology	298.6	325.4	825.8	878.9
	-----	-----	-----	-----
	1,445.7	1,449.7	4,296.7	4,273.6
Costs and expenses				
Cost of revenue:				
Services	965.7	886.1	2,821.6	2,675.4
Technology	139.0	138.5	375.5	393.9
	-----	-----	-----	-----
	1,104.7	1,024.6	3,197.1	3,069.3
Selling, general and administrative	303.7	251.0	837.8	737.1
Research and development	75.3	68.2	218.1	198.7
	-----	-----	-----	-----
	1,483.7	1,343.8	4,253.0	4,005.1
	-----	-----	-----	-----
Operating income (loss)	(38.0)	105.9	43.7	268.5
Interest expense	16.2	17.2	51.4	51.3
Other income (expense), net	(3.0)	(4.7)	21.6	2.5
	-----	-----	-----	-----
Income (loss) before income taxes	(57.2)	84.0	13.9	219.7
Provision (benefit) for income taxes	(82.4)	27.8	(59.6)	72.5
	-----	-----	-----	-----
Net income	\$25.2	\$56.2	\$73.5	\$147.2
	=====	=====	=====	=====
Earnings per share				
Basic	\$.08	\$.17	\$.22	\$.45
	=====	=====	=====	=====
Diluted	\$.07	\$.17	\$.22	\$.44
	=====	=====	=====	=====
Shares used in the per share computations (thousands):				
Basic	335,576	330,033	334,236	328,675
	=====	=====	=====	=====
Diluted	337,362	333,979	338,059	331,317
	=====	=====	=====	=====

UNISYS CORPORATION
SEGMENT RESULTS
(Millions)

	Total	Elimi- nations	Services*	Technology*
	-----	-----	-----	-----
Three Months Ended September 30, 2004 -----				
Customer revenue Intersegment	\$1,445.7	(\$63.6)	\$1,147.1 5.2	\$298.6 58.4
	-----	-----	-----	-----
Total revenue	\$1,445.7	(\$63.6)	\$1,152.3	\$357.0
	=====	=====	=====	=====
Gross profit percent	23.6%		16.2%	51.0%
	=====		=====	=====
Operating profit (loss) percent	(2.6%)		(0.2%)	13.9%
	=====		=====	=====
Three Months Ended September 30, 2003 -----				
Customer revenue Intersegment	\$1,449.7	(\$66.4)	\$1,124.3 7.3	\$325.4 59.1
	-----	-----	-----	-----
Total revenue	\$1,449.7	(\$66.4)	\$1,131.6	\$384.5
	=====	=====	=====	=====
Gross profit percent	29.3%		19.8%	53.1%
	=====		=====	=====
Operating profit percent	7.3%		3.9%	16.5%
	=====		=====	=====
Nine Months Ended September 30, 2004 -----				
Customer revenue Intersegment	\$4,296.7	(\$166.6)	\$3,470.9 14.5	\$825.8 152.1
	-----	-----	-----	-----
Total revenue	\$4,296.7	(\$166.6)	\$3,485.4	\$977.9
	=====	=====	=====	=====
Gross profit percent	25.6%		17.9%	50.7%
	=====		=====	=====
Operating profit percent	1.0%		1.0%	9.6%
	=====		=====	=====
Nine Months Ended September 30, 2003 -----				
Customer revenue Intersegment	\$4,273.6	(\$225.6)	\$3,394.7 19.2	\$878.9 206.4
	-----	-----	-----	-----
Total revenue	\$4,273.6	(\$225.6)	\$3,413.9	\$1,085.3
	=====	=====	=====	=====
Gross profit percent	28.2%		19.5%	50.0%
	=====		=====	=====
Operating profit percent	6.3%		4.2%	12.0%
	=====		=====	=====

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

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Millions)

	September 30, 2004	December 31, 2003
	-----	-----
Assets		
Current assets		
Cash and cash equivalents	\$573.7	\$635.9
Accounts and notes receivable, net	962.0	1,027.8
Inventories		
Parts and finished equipment	102.2	121.7
Work in process and materials	117.7	116.9
Deferred income taxes	295.0	270.0
Other current assets	104.9	85.7
	-----	-----
Total	2,155.5	2,258.0
	-----	-----
Properties	1,364.9	1,352.7
Less accumulated depreciation and amortization	952.5	928.5
	-----	-----
Properties, net	412.4	424.2
	-----	-----
Outsourcing assets, net	510.9	477.5
Marketable software, net	341.3	332.2
Investments at equity	166.4	153.3
Prepaid pension cost	49.2	55.5
Deferred income taxes	1,385.7	1,384.6
Goodwill	185.3	177.5
Other long-term assets	203.5	211.8
	-----	-----
Total	\$5,410.2	\$5,474.6
	=====	=====
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$20.0	\$17.7
Current maturities of long-term debt	150.8	2.2
Accounts payable	392.6	513.8
Other accrued liabilities	1,233.5	1,305.7
Income taxes payable	153.5	214.1
	-----	-----
Total	1,950.4	2,053.5
	-----	-----
Long-term debt	899.5	1,048.3
Accrued pension liabilities	471.6	433.6
Other long-term liabilities	551.1	544.0
Stockholders' equity		
Common stock	3.4	3.3
Accumulated deficit	(341.3)	(414.8)
Other capital	3,869.4	3,818.6
Accumulated other comprehensive loss	(1,993.9)	(2,011.9)
	-----	-----
Stockholders' equity	1,537.6	1,395.2
	-----	-----
Total	\$5,410.2	\$5,474.6
	=====	=====

UNISYS CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Millions)

	Nine Months Ended September 30	
	2004	2003
Cash flows from operating activities		
Net income	\$73.5	\$147.2
Add (deduct) items to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of properties and outsourcing assets	181.7	154.9
Amortization of marketable software	96.6	92.2
(Increase) in deferred income taxes, net	(25.3)	(2.5)
Decrease (increase) in receivables, net	97.2	(32.3)
Decrease in inventories	19.1	43.0
(Decrease) in accounts payable and other accrued liabilities	(207.5)	(192.8)
(Decrease) increase in income taxes payable	(52.6)	19.8
Increase (decrease) in other liabilities	19.8	(44.0)
(Increase) in other assets	(34.0)	(29.9)
Other	44.7	6.5
Net cash provided by operating activities	213.2	162.1
Cash flows from investing activities		
Proceeds from investments	4,423.4	3,626.1
Purchases of investments	(4,427.4)	(3,663.2)
Investment in marketable software	(88.8)	(109.4)
Capital additions of properties and outsourcing assets	(192.4)	(177.9)
Purchases of businesses	(18.6)	(2.0)
Net cash used for investing activities	(303.8)	(326.4)
Cash flows from financing activities		
Net reduction in short-term borrowings	(1.0)	(57.0)
Proceeds from employee stock plans	30.9	21.0
Payments of long-term debt	(2.3)	(3.8)
Proceeds from issuance of long-term debt		293.3
Net cash provided by financing activities	27.6	253.5
Effect of exchange rate changes on cash and cash equivalents	.8	11.7
Increase (decrease) in cash and cash equivalents	(62.2)	100.9
Cash and cash equivalents, beginning of period	635.9	301.8
Cash and cash equivalents, end of period	\$573.7	\$402.7

Reconciliation of GAAP to Non-GAAP
Financial Information

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

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

	Three Months Ended September 30, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$1,445.7		\$1,445.7
Costs and expenses			
Cost of revenue	1,104.7	(\$17.1)	1,087.6
Selling, general and administrative	303.7	(4.4)	299.3
Research and development	75.3	(2.0)	73.3
	1,483.7	(23.5)	1,460.2
Operating income (loss)	(38.0)	23.5	(14.5)
Interest expense	16.2		16.2
Other income (expense), net	(3.0)		(3.0)
Income (loss) before income taxes	(57.2)	23.5	(33.7)
Provision (benefit) for income taxes	(82.4)	7.6	(74.8)
Net income	\$25.2	\$15.9	\$41.1
Diluted earnings per share	\$.07	\$.05	\$.12

	Three Months Ended September 30, 2003		
	US GAAP as Reported	Less Pension Income	Without Pension Income
Revenue	\$1,449.7		\$1,449.7
Costs and expenses			
Cost of revenue	1,024.6	\$1.7	1,026.3
Selling, general and administrative	251.0	3.2	254.2
Research and development	68.2	3.6	71.8
	1,343.8	8.5	1,352.3
Operating income	105.9	(8.5)	97.4
Interest expense	17.2		17.2
Other income (expense), net	(4.7)		(4.7)
Income before income taxes	84.0	(8.5)	75.5
Provision for income taxes	27.8	(2.8)	25.0
Net income	\$56.2	(\$5.7)	\$50.5
Diluted earnings per share	\$.17	(\$.02)	\$.15

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

	Nine Months Ended September 30, 2004		
	US GAAP as Reported	Less Pension Expense	Without Pension Expense
Revenue	\$4,296.7		\$4,296.7
Costs and expenses			
Cost of revenue	3,197.1	(\$50.4)	3,146.7
Selling, general and administrative	837.8	(14.1)	823.7
Research and development	218.1	(6.0)	212.1
	-----	-----	-----
	4,253.0	(70.5)	4,182.5
	-----	-----	-----
Operating income	43.7	70.5	114.2
Interest expense	51.4		51.4
Other income (expense), net	21.6		21.6
	-----	-----	-----
Income before income taxes	13.9	70.5	84.4
Provision (benefit) for income taxes	(59.6)	22.6	(37.0)
	-----	-----	-----
Net income	\$73.5	\$47.9	\$121.4
	=====	=====	=====
Diluted earnings per share	\$.22	\$.14	\$.36
	=====	=====	=====

	Nine Months Ended September 30, 2003		
	US GAAP as Reported	Less Pension Income	Without Pension Income
Revenue	\$4,273.6		\$4,273.6
Costs and expenses			
Cost of revenue	3,069.3	\$4.4	3,073.7
Selling, general and administrative	737.1	7.6	744.7
Research and development	198.7	10.8	209.5
	-----	-----	-----
	4,005.1	22.8	4,027.9
	-----	-----	-----
Operating income	268.5	(22.8)	245.7
Interest expense	51.3		51.3
Other income (expense), net	2.5		2.5
	-----	-----	-----
Income before income taxes	219.7	(22.8)	196.9
Provision for income taxes	72.5	(7.5)	65.0
	-----	-----	-----
Net income	\$147.2	(\$15.3)	\$131.9
	=====	=====	=====
Diluted earnings per share	\$.44	(\$.04)	\$.40
	=====	=====	=====

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

	Three Months Ended September 30, 2004		
	As Reported	Less Pension Expense	Without Pension Expense
Services Segment *			
Total revenue	\$1,152.3		\$1,152.3
Gross profit	186.2	(\$16.7)	202.9
% of revenue	16.2%		17.6%
Operating income (loss)	(2.2)	(20.6)	18.4
% of revenue	-0.2%		1.6%
Technology Segment *			
Total revenue	357.0		357.0
Gross profit	182.0	(0.4)	182.4
% of revenue	51.0%		51.1%
Operating income	49.7	(2.9)	52.6
% of revenue	13.9%		14.7%
Total Company			
Total revenue	1,445.7		1,445.7
Gross profit	341.0	(17.1)	358.1
% of revenue	23.6%		24.8%
Operating income (loss)	(38.0)	(23.5)	(14.5)
% of revenue	-2.6%		-1.0%

	Three Months Ended September 30, 2003		
	As Reported	Less Pension Income	Without Pension Income
Services Segment			
Total revenue	\$1,131.6		\$1,131.6
Gross profit	224.0	\$1.0	223.0
% of revenue	19.8%		19.7%
Operating income	43.8	3.9	39.9
% of revenue	3.9%		3.5%
Technology Segment			
Total revenue	384.5		384.5
Gross profit	204.0	0.7	203.3
% of revenue	53.1%		52.9%
Operating income	63.4	4.6	58.8
% of revenue	16.5%		15.3%
Total Company			
Total revenue	1,449.7		1,449.7
Gross profit	425.1	1.7	423.4
% of revenue	29.3%		29.2%
Operating income	105.9	8.5	97.4
% of revenue	7.3%		6.7%

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

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

	Nine Months Ended September 30, 2004		
	As Reported	Less Pension Expense	Without Pension Expense

Services Segment *			
Total revenue	\$3,485.4		\$3,485.4
Gross profit	624.0	(\$49.3)	673.3
% of revenue	17.9%		19.3%
Operating income	35.2	(61.0)	96.2
% of revenue	1.0%		2.8%
Technology Segment *			
Total revenue	977.9		977.9
Gross profit	496.2	(1.1)	497.3
% of revenue	50.7%		50.9%
Operating income	94.0	(9.5)	103.5
% of revenue	9.6%		10.6%
Total Company			
Total revenue	4,296.7		4,296.7
Gross profit	1,099.6	(50.4)	1,150.0
% of revenue	25.6%		26.8%
Operating income	43.7	(70.5)	114.2
% of revenue	1.0%		2.7%

	Nine Months Ended September 30, 2003		
	As Reported	Less Pension Income	Without Pension Income

Services Segment			
Total revenue	\$3,413.9		\$3,413.9
Gross profit	666.9	\$1.7	665.2
% of revenue	19.5%		19.5%
Operating income	142.3	9.0	133.3
% of revenue	4.2%		3.9%
Technology Segment			
Total revenue	1,085.3		1,085.3
Gross profit	542.6	2.7	539.9
% of revenue	50.0%		49.7%
Operating income	129.8	13.8	116.0
% of revenue	12.0%		10.7%
Total Company			
Total revenue	4,273.6		4,273.6
Gross profit	1,204.3	4.4	1,199.9
% of revenue	28.2%		28.1%
Operating income	268.5	22.8	245.7
% of revenue	6.3%		5.7%

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

UNISYS CORPORATION
RECONCILIATION OF GAAP TO NON-GAAP
FORWARD-LOOKING ESTIMATED DILUTED EARNINGS PER SHARE

	Three Months Ending 12/31/2004	Year Ending 12/31/2004
	-----	-----
Diluted earnings per share- on a GAAP basis	.27-.31	.49-.53
Add back estimated pension expense, net of tax	.05	.19
	-----	-----
Diluted earnings per share- on a NON-GAAP basis (excluding pension expense)	.32-.36	.68-.72
	=====	=====

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