

SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 1997.

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 (I.R.S. Employer
 of incorporation or organization) Identification No.)

Township Line and Union Meeting Roads
 Blue Bell, Pennsylvania 19424

 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (215) 986-4011

Indicate by check mark whether the registrant (1) has filed all reports
 required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
 1934 during the preceding 12 months (or for such shorter period that the
 registrant was required to file such reports), and (2) has been subject to
 such filing requirements for the past 90 days. YES NO

Number of shares of Common Stock outstanding as of March 31, 1997:
 174,836,208.

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Part I - FINANCIAL INFORMATION
 Item 1. Financial Statements.

UNISYS CORPORATION
 CONSOLIDATED BALANCE SHEET
 (Millions)

	March 31, 1997 (Unaudited)	December 31, 1996
	-----	-----
Assets		
Current Assets		
Cash and cash equivalents	\$ 686.4	\$1,029.2
Marketable securities	5.6	5.6
Accounts and notes receivable, net	900.6	959.0
Inventories		
Finished equipment and supplies	324.0	325.5
Work in process and raw materials	323.5	316.8
Deferred income taxes	365.8	365.8
Other current assets	133.7	131.2
	-----	-----
Total	2,739.6	3,133.1
	-----	-----

Long-term receivables, net	60.0	59.3
Properties and rental equipment	1,860.8	1,950.3
Less-Accumulated depreciation	1,273.6	1,328.5
Properties and rental equipment, net	587.2	621.8
Cost in excess of net assets acquired	971.3	981.3
Investments at equity	245.3	244.4
Deferred income taxes	678.7	678.7
Other assets	1,234.7	1,248.5
Total	\$6,516.8	\$6,967.1
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	\$ 14.7	\$ 13.9
Current maturities of long-term debt	5.5	5.8
Accounts payable	819.5	871.1
Other accrued liabilities	1,246.4	1,453.4
Dividends payable	27.2	26.6
Estimated income taxes	73.8	94.3
Total	2,187.1	2,465.1
Long-term debt	2,268.4	2,271.4
Other liabilities	448.9	474.6
Redeemable preferred stock	50.0	150.0
Stockholders' equity		
Preferred stock	1,420.2	1,420.2
Common stock,		
issued: 1997, 175.8; 1996, 175.7	1.8	1.8
Accumulated deficit	(782.8)	(770.1)
Other capital	923.2	954.1
Stockholders' equity	1,562.4	1,606.0
Total	\$6,516.8	\$6,967.1

<FN>

See notes to consolidated financial statements.

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

	Three Months Ended March 31	
	1997	1996
Revenue	\$1,530.7	\$1,423.1
Costs and expenses		
Cost of revenue	1,015.0	984.2
Selling, general and administrative	328.8	322.0
Research and development	80.3	96.0
	1,424.1	1,402.2
Operating income	106.6	20.9
Interest expense	60.4	50.5
Other income (expense), net	(15.6)	9.3
Income (loss) before income taxes	30.6	(20.3)
Estimated income taxes (benefit)	11.3	(6.9)

Net income (loss)	19.3	(13.4)
Dividends on preferred shares	30.1	30.2
Earnings (loss) on common shares	\$ (10.8)	\$ (43.6)
Earnings (loss) per common share		
Primary	\$ (.06)	\$ (.25)
Fully diluted	\$ (.06)	\$ (.25)

<FN>

See notes to consolidated financial statements.

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

	Three Months Ended March 31	
	1997	1996
Cash flows from operating activities		
Net income (loss)	\$ 19.3	\$ (13.4)
Add (deduct) items to reconcile net income (loss) to net cash (used for) operating activities:		
Depreciation	39.0	44.6
Amortization:		
Marketable software	22.5	28.7
Cost in excess of net assets acquired	11.6	10.4
Decrease in receivables, net	56.5	94.9
(Increase) in inventories	(5.2)	(36.4)
(Decrease) in accounts payable and other accrued liabilities	(259.9)	(378.3)
(Decrease) in estimated income taxes	(20.5)	(48.1)
(Decrease) increase in other liabilities	(25.7)	.6
Decrease (increase) in other assets	12.8	(27.7)
Other	12.6	(1.5)
Net cash used for operating activities	(137.0)	(326.2)
Cash flows from investing activities		
Proceeds from investments	332.7	713.4
Purchases of investments	(323.3)	(718.2)
Proceeds from sales of properties	1.0	14.9
Investment in marketable software	(25.6)	(14.9)
Capital additions of properties and rental equipment	(37.3)	(34.6)
Purchases of businesses	(6.4)	(7.1)
Net cash used for investing activities	(58.9)	(46.5)
Cash flows from financing activities		
Redemption of redeemable preferred stock	(100.0)	
Proceeds from issuance of debt		700.9
Principal payments of debt		(.3)
Net proceeds from short-term borrowings	.8	2.2
Dividends paid on preferred shares	(31.4)	(30.2)
Other		.2
Net cash (used for) provided by financing activities	(130.6)	672.8
Effect of exchange rate changes on cash and cash equivalents	(14.7)	(7.1)
Net cash (used for) provided by		

continuing operations	(341.2)	293.0
Net cash used for discontinued operations	(1.6)	(4.2)
	-----	-----
(Decrease) increase in cash and cash equivalents	(342.8)	288.8
Cash and cash equivalents, beginning of period	1,029.2	1,114.3
	-----	-----
Cash and cash equivalents, end of period	\$ 686.4	\$1,403.1
	=====	=====

<FN>

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management, the financial information furnished herein reflects all adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods specified. These adjustments consist only of normal recurring accruals. Because of seasonal and other factors, results for interim periods are not necessarily indicative of the results to be expected for the full year.

- a. For the three months ended March 31, 1997 and 1996, the computation of earnings per share is based on the weighted average number of outstanding common shares. Neither period assumes conversion of the 8 1/4% Convertible Subordinated Notes due 2000 and 2006, or the Series A Preferred Stock since such conversions would have been antidilutive. The shares used in the computations are as follows (in thousands):

	Three Months Ended March 31,	
	1997	1996
	-----	-----
Primary	174,849	171,437
Fully diluted	174,849	171,437

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

Results of Operations

For the three months ended March 31, 1997, the Company reported net income of \$19.3 million, compared to a net loss of \$13.4 million for the three months ended March 31, 1996. On a per-share basis, the first quarter net loss was \$.06 per primary and fully diluted common share after preferred dividends, compared to a loss of \$.25 per primary and fully diluted common share a year ago.

Total revenue for the quarter ended March 31, 1997 was \$1.53 billion, up 8% from \$1.42 billion for the year-ago period despite the negative impact of foreign currencies in the current quarter. Total gross profit percent was 33.7% in the first quarter of 1997 compared to 30.8% in the year-ago period.

For the three months ended March 31, 1997, selling, general and administrative expenses were \$328.8 million compared to \$322.0 million for the three months ended March 31, 1996, and research and development expenses were \$80.3 million compared to \$96.0 million a year earlier. The decline in research and development was largely due to the Company's cost reduction actions.

For the first quarter of 1997, the Company reported an operating income percent (operating income as a percent of revenue) of 7.0% compared to 1.5% for the first quarter of 1996.

Revenue, gross profit percentage and operating income percentage by business unit are presented below (\$ in millions):

	Total	Elimi- nations	Infor- mation Services Group	Global Customer Services	Computer Systems Group
	-----	-----	-----	-----	-----
Three Months Ended March 31, 1997					
Customer revenue	\$1,530.7		\$430.2	\$478.5	\$622.0
Intercompany		\$(114.2)	5.2	16.3	92.7
Total revenue	\$1,530.7	\$(114.2)	\$435.4	\$494.8	\$714.7
	=====	=====	=====	=====	=====
Gross profit percent	33.7%		14.2%	30.0%	43.8%
	=====		=====	=====	=====
Operating income percent	7.0%		(11.4)%	10.1%	16.1%
	=====		=====	=====	=====
Three Months Ended March 31, 1996					
Customer revenue	\$1,423.1		\$404.3	\$464.1	\$554.7
Intercompany		\$(116.1)	4.0	20.0	92.1
Total revenue	\$1,423.1	\$(116.1)	\$408.3	\$484.1	\$646.8
	=====	=====	=====	=====	=====
Gross profit percent	30.8%		14.8%	28.9%	36.5%
	=====		=====	=====	=====

Note: Certain prior year business unit amounts have been reclassified to conform with the current year presentation.

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

Customer revenue from the Information Services Group ("ISG") increased 6% in the quarter due to higher systems integration revenue, particularly in international markets. ISG gross profit percent was 14.2% in 1997 compared to 14.8% last year principally due to operational issues in the current quarter associated with a few large, multi-year systems integration contracts. The gross profit margin reflects charges of approximately \$25 million for additional estimated contract costs identified during the quarter.

Global Customer Services ("GCS") customer revenue increased 3% from year-ago levels led by growth in distributed computing support services which more than offset a decline in core maintenance revenue. The gross profit percent in GCS was 30.0% in 1997 compared to 28.9% last year principally due to increases in distributed computing support services.

Customer revenue in Computer Systems Group ("CSG") increased 12% principally due to increases in large-scale enterprise servers and software revenue. CSG gross profit percent rose to 43.8% in 1997 from 36.5% last year, due in large part to a higher proportion of sales of large-scale enterprise servers.

Interest expense in the first quarter of 1997 was \$60.4 million compared to \$50.5 million in the first quarter of 1996, principally due to higher average debt levels.

Other income (loss), net, which can vary from quarter to quarter, was a loss of \$15.6 million in the current quarter compared to income of \$9.3 million in the year-ago period. The change was mainly due to gains on the sale of assets and other one-time income items in the prior year.

Income before income taxes was \$30.6 million in 1997 compared to a loss of \$20.3 million last year. The provision for income tax was \$11.3 million in the current period compared to a benefit of \$6.9 million in the year-ago period.

Effective January 1, 1997, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This statement requires that if a transfer of financial assets does not meet certain criteria for recording the transaction as a sale, the transfer shall be accounted for as a secured borrowing. The adoption of SFAS No. 125 did not have a material effect on the Company's consolidated financial position, consolidated statement of income, or liquidity.

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

In February of 1997, SFAS No. 128, "Earnings per Share," was issued. This statement establishes new standards for computing and presenting earnings per share. Adoption of SFAS No. 128 and restatement of prior periods' earnings per share is required in the fourth quarter of 1997. For the Company, earnings per share as reported for the current quarter would be the same as under SFAS No. 128. The effect on earlier periods is immaterial.

Financial Condition

Cash, cash equivalents and marketable securities at March 31, 1997 were \$692.0 million compared to \$1.0 billion at December 31, 1996. During the quarter, cash used for operating activities was much lower than historical first-quarter cash usage. Cash used for operating activities during the quarter was \$137.0 million compared to \$326.2 million used during the prior-year period. During the current quarter, management reduced the sales of accounts receivable by \$142.0 million. Even with this reduction, cash used for operations in the current quarter was reduced \$189.2 million from the year-ago period.

Cash used for investing activities during the first quarter was \$58.9 million compared to \$46.5 million used in the year-ago period. Cash used for financing activities during the first quarter of 1997 was \$130.6 million compared to cash provided of \$672.8 million in 1996. In the current quarter, the Company redeemed all \$100.0 million of its Series C Cumulative Convertible Preferred Stock. The year-ago period includes proceeds of \$700.9 million for issuances of debt. On June 26, 1997, the Company will redeem all \$50.0 million of its Series B Cumulative Convertible Preferred Stock. The Company may, from time to time, redeem or repurchase its other securities in the open market or in privately negotiated transactions depending upon availability, market conditions, and other factors.

At March 31, 1997, total debt was \$2.3 billion, a slight decrease from December 31, 1996. The current \$200 million revolving credit facility expires in June of 1997. The Company has never borrowed under this facility. The Company is currently in discussions with bankers regarding a successor facility.

The Company has on file with the Securities and Exchange Commission an effective registration statement covering \$500 million of debt or equity securities which enables the Company to be prepared for future market opportunities.

Dividends paid on preferred stock were \$31.4 million in the first quarter of 1997 compared to \$30.2 million in the first quarter of 1996.

At March 31, 1997, the Company had deferred tax assets in excess of deferred tax liabilities of \$1,444 million. For the reasons cited below, management determined that it is more likely than not that \$1,009

million of such assets will be realized, therefore resulting in a valuation allowance of \$435 million.

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

The Company evaluates quarterly the realizability of its net deferred tax assets by assessing its valuation allowance and by adjusting the amount of such allowance, if necessary. The factors used to assess the likelihood of realization are the Company's forecast of future taxable income, which is adjusted by applying probability factors, and available tax planning strategies that could be implemented to realize deferred tax assets. The combination of these factors is expected to be sufficient to realize the entire amount of net deferred tax assets. Approximately \$2.9 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets.

The Company's net deferred tax assets include substantial amounts of net operating loss and tax credit carryforwards. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. In recent years, the information management business has undergone dramatic changes and there can be no assurances that in the future there would not be increased competition or other factors that may result in a decline in sales or margins, loss of market share, delays in product availability, or technological obsolescence.

Stockholders' equity decreased \$43.6 million during the quarter principally reflecting translation adjustments of \$32.0 million and preferred dividends declared of \$32.0 million, offset in part by net income of \$19.3 million.

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Part II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended March 31, 1997, the Company filed no Current Reports on Form 8-K.

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: May 15, 1997

By: /s/ Robert H. Brust

Robert H. Brust
Senior Vice President and
Chief Financial Officer
(Principal Financial Officer)

By: /s/Janet M. Brutschea Haugen

Janet M. Brutschea Haugen
Vice President and Controller
(Chief Accounting Officer)

EXHIBIT INDEX

Exhibit

Number

Description

11	Statement of Computation of Earnings Per Share for the three months ended March 31, 1997 and 1996
12	Statement of Computation of Ratio of Earnings to Fixed Charges
27	Financial Data Schedule

UNISYS CORPORATION
STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND 1996
(UNAUDITED)
(Millions, except share data)

	1997	1996
	-----	-----
Primary Earnings Per Common Share		
Average Number of Outstanding Common Shares	174,848,666	171,436,655
Additional Shares Assuming		
Exercise of Stock Options	767,816	442,240
	-----	-----
Average Number of Outstanding Common Shares and Common Share Equivalents	175,616,482	171,878,895
	=====	=====
Net Income (Loss)	\$ 19.3	\$ (13.4)
Dividends on Series A, B and C Preferred Stock	(30.1)	(30.2)
	-----	-----
Primary Earnings (Loss) on Common Shares	\$ (10.8)	\$ (43.6)
	=====	=====
Primary Earnings (Loss) Per Common Share	\$ (.06)	\$ (.25)
	=====	=====
Fully Diluted Earnings Per Common Share		
Average Number of Outstanding Common Shares and Common Share Equivalents	175,616,482	171,878,895
Additional Shares:		
Assuming Conversion of Series A Preferred Stock	47,454,135	47,454,386
Assuming Conversion of 8 1/4% Convertible Notes due 2000	33,697,387	33,697,387
Assuming Conversion of 8 1/4% Convertible Notes due 2006	43,490,909	11,470,130
Attributable to Stock Plans		34,969
	-----	-----
Common Shares Outstanding Assuming Full Dilution	300,258,913	264,535,767
	=====	=====
Primary Earnings (Loss) on Common Shares	\$ (10.8)	\$ (43.6)
Exclude Dividends on Series A Preferred Stock		
	26.6	26.6
Interest Expense on 8 1/4% Convertible Notes, due 2000, Net of Applicable Tax	4.8	4.8
Interest Expense on 8 1/4% Convertible Notes, due 2006, Net of Applicable Tax	4.1	1.1
	-----	-----
Fully Diluted Earnings (Loss) on Common Shares	\$ 24.7	\$ (11.1)
	=====	=====
Fully Diluted Earnings (Loss) per common Share	\$.08	\$ (.04)
	=====	=====
Earnings (Loss) Per Common Share As Reported		
Primary	\$ (.06)	\$ (.25)
	=====	=====
Fully Diluted	\$ (.06)	\$ (.25)
	=====	=====

The computation for 1997 and 1996 is based on the weighted average number of outstanding common shares. Neither period assumes conversion of the convertible notes or Series A preferred stock since such conversions would have been antidilutive.

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

	Three Months Ended March 31, Years Ended December 31					
	1997	1996	1995	1994	1993	1992
Income (loss) from continuing operations before income taxes	\$ 30.6	\$ 93.7	\$ (781.1)	\$ 14.6	\$370.9	\$301.3
Add (deduct) share of loss (income) of associated companies	(.1)	(4.9)	5.0	16.6	14.5	3.2
Subtotal	30.5	88.8	(776.1)	31.2	385.4	304.5
Interest expense (net of interest capitalized)	60.4	249.7	202.1	203.7	241.7	340.6
Amortization of debt issuance expenses	1.8	6.3	5.1	6.2	6.6	4.8
Portion of rental expense representative of interest	14.8	59.2	65.3	65.0	70.5	78.8
Total Fixed Charges	77.0	315.2	272.5	274.9	318.8	424.2
Earnings (loss) from continuing operations before income taxes and fixed charges	\$107.5	\$404.0	\$ (503.6)	\$306.1	\$704.2	\$728.7
Ratio of earnings to fixed charges	1.40	1.28	(a)	1.11	2.21	1.72

<FN>

(a) Earnings for the year ended December 31, 1995 was inadequate to cover fixed charges by approximately \$776.1 million.

<ARTICLE> 5
<LEGEND> THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION
EXTRACTED FROM THE FINANCIAL STATEMENTS INCLUDED IN
THE COMPANY'S FORM 10-Q FOR THE QUARTERLY PERIOD ENDED
MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY
REFERENCE TO SUCH FINANCIAL STATEMENTS.
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