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, 2001

[ ] 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 [ ]

Number of shares of Common Stock outstanding as of June 30, 2001: 318,095,904.

Part I - FINANCIAL INFORMATION
Item 1. Financial Statements.

UNISYS CORPORATION
CONSOLIDATED BALANCE SHEET (UNAUDITED)
(Millions)

	June 30, 2001	December 31, 2000
Assets		
Current assets		
Cash and cash equivalents	$ 244.7	$ 378.0
Accounts and notes receivable, net	1,040.1	1,247.4
Inventories		
Parts and finished equipment	240.7	249.4
Work in process and materials	180.2	176.1
Deferred income taxes	463.4	460.6
Other current assets	109.6	75.5
Total	2,278.7	2,587.0
Properties	1,590.0	1,584.1
Less-Accumulated depreciation	959.7	963.9
Properties, net	630.3	620.2

Investments at equity	204.7	225.8
Software, net of accumulated amortization	303.4	296.7
Prepaid pension cost	1,155.9	1,063.0
Deferred income taxes	583.6	583.6
Other assets	461.8	341.4
Total	$5,618.4	$5,717.7
Liabilities and stockholders' equity		
Current liabilities		
Notes payable	$ 187.2	$ 209.5
Current maturities of long-term debt	16.0	16.8
Accounts payable	669.4	847.7
Other accrued liabilities	1,166.9	1,323.5
Income taxes payable	279.6	288.3
Total	2,319.1	2,685.8
Long-term debt	562.4	536.3
Other liabilities	491.9	309.5
Stockholders' equity		
Common stock, shares issued: 2001, 320.0; 2000,317.3	3.2	3.2
Accumulated deficit	(748.0)	(829.4)
Other capital	3,687.8	3,656.0
Accumulated other comprehensive loss	(698.0)	(643.7)
Stockholders' equity	2,245.0	2,186.1
Total	$5,618.4	$5,717.7

See notes to consolidated financial statements.

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

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Revenue	$1,461.4	$1,597.1	$3,085.2	$3,265.8
Costs and expenses				
Cost of revenue	1,064.0	1,116.3	2,260.2	2,245.7
Selling, general and administrative	276.4	322.5	521.7	604.0
Research and development expenses	75.2	78.2	151.2	160.3
	1,415.6	1,517.0	2,933.1	3,010.0
Operating income	45.8	80.1	152.1	255.8
Interest expense	17.6	18.7	33.5	39.2
Other income (expense), net	15.7	23.9	28.7	30.1
Income before income taxes	43.9	85.3	147.3	246.7
Provision for income taxes	14.6	29.0	48.7	83.9
Income before extraordinary items	29.3	56.3	98.6	162.8
Extraordinary items	(17.2)	(19.8)	(17.2)	(19.8)
Net income	$ 12.1	$ 36.5	$ 81.4	$ 143.0
Earnings per share				
Basic				
Before extraordinary items	$ .09	$ .18	$ .31	$ .52
Extraordinary items	(.05)	(.06)	(.05)	(.06)
Total	$ .04	$ .12	$ .26	$ .46
Diluted				
Before extraordinary items	$ .09	$ .18	$ .31	$ .51
Extraordinary items	(.05)	(.06)	(.05)	(.06)
Total	$ .04	$ .12	$ .26	$ .45

See notes to consolidated financial statements.

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

	Six Months Ended June 30 2001	Six Months Ended June 30 2000
Cash flows from operating activities		
Income before extraordinary items	$ 98.6	$ 162.8
Add(deduct) items to reconcile income before extraordinary items to net cash provided by (used for) operating activities:		
Extraordinary items	(17.2)	(19.8)
Depreciation	68.7	71.6
Amortization:		
Marketable software	61.0	59.0
Goodwill	4.1	5.4
(Increase) in deferred income taxes, net	(2.8)	(8.7)
Decrease in receivables, net	100.2	94.4
Decrease(increase) in inventories	4.7	(26.5)
(Decrease) in accounts payable and other accrued liabilities	(352.9)	(397.4)
(Decrease) increase in income taxes payable	(8.7)	4.2
Increase(decrease) in other liabilities	186.4	(2.6)
(Increase) in other assets	(145.4)	(60.6)
Other	13.3	8.3
Net cash provided by (used for) operating activities	10.0	(109.9)
Cash flows from investing activities		
Proceeds from investments	1,056.6	343.5
Purchases of investments	(1,042.6)	(296.8)
Investment in marketable software	(67.8)	(67.6)
Capital additions of properties	(84.5)	(83.1)
Purchases of businesses	(2.2)	(10.9)
Proceeds from sales of properties		11.3
Net cash used for investing activities	(140.5)	(103.6)
Cash flows from financing activities		
Proceeds from issuance of long-term debt	341.2	
Payments of long-term debt	(342.3)	(444.6)
Net (reduction in)proceeds from short-term borrowings	(22.3)	354.3
Proceeds from employee stock plans	19.0	33.7
Net cash used for financing activities	(4.4)	(56.6)
Effect of exchange rate changes on cash and cash equivalents	1.6	(11.4)
Decrease in cash and cash equivalents	(133.3)	(281.5)
Cash and cash equivalents, beginning of period	378.0	464.0
Cash and cash equivalents, end of period	$ 244.7	$ 182.5

See notes to consolidated financial statements.

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. The following table shows how earnings per share were computed for the three and six months ended June 30, 2001 and 2000 (dollars in millions, shares in thousands):

	Three Months Ended June 30		Six Months Ended June 30	
	2001	2000	2001	2000
Basic Earnings Per Share				
Income before extraordinary items	$ 29.3	$ 56.3	$ 98.6	$ 162.8
Extraordinary items	(17.2)	(19.8)	(17.2)	(19.8)
Net income	$ 12.1	$ 36.5	$ 81.4	$ 143.0
Weighted average shares	317,658	312,515	316,984	311,838
Basic earnings per share				
Before extraordinary items	$ .09	$ .18	$ .31	$ .52
Extraordinary items	(.05)	(.06)	(.05)	(.06)
Total	$ .04	$ .12	$ .26	$ .46
Diluted Earnings Per Share				
Income before extraordinary items	$ 29.3	$ 56.3	$ 98.6	$ 162.8
Extraordinary items	(17.2)	(19.8)	(17.2)	(19.8)
Net income	$ 12.1	$ 36.5	$ 81.4	$ 143.0
Weighted average shares	317,658	312,515	316,984	311,838
Plus incremental shares from assumed exercise of employee stock plans	1,738	4,506	2,228	5,212
Adjusted weighted average shares	319,396	317,021	319,212	317,050
Diluted earnings per share				
Before extraordinary items	$ .09	$ .18	$ .31	$ .51
Extraordinary items	(.05)	(.06)	(.05)	(.06)
Total	$ .04	$ .12	$ .26	$ .45

During the six months ended June 30, 2001, 23.3 million shares related to employee stock plans were not included in the computation of diluted earnings per share because the option prices are above the average market price of the company's common stock.

b. Effective January 1, 2001, the company adopted Statement of Financial Accounting Standards ("SFAS") No. 133 "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 requires a company to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the change in fair value of assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The cumulative effect of the change in accounting principle due to the adoption of SFAS NO. 133 resulted in the recognition of income of $3.3 million (net of $1.8 million of tax) in other comprehensive income.

c. A summary of the company's operations by business segment for the three and six month periods ended June 30, 2001 and 2000 is presented below (in millions of dollars):

	Total	Corporate	Services	Technology
Three Months Ended June 30, 2001				
Customer revenue	$1,461.4		$1,084.7	$ 376.7
Intersegment		$(82.9)	18.2	64.7
Total revenue	$1,461.4	$(82.9)	$1,102.9	$ 441.4
Operating income(loss)	$ 45.8	$(10.2)	$ 9.8	$ 46.2
Three Months Ended June 30, 2000				
Customer revenue	$1,597.1		$1,128.9	$ 468.2
Intersegment		$(109.8)	13.6	96.2
Total revenue	$1,597.1	$(109.8)	$1,142.5	$ 564.4
Operating income	$ 80.1	$ 4.2	$ .3	$ 75.6
Six Months Ended June 30, 2001				
Customer revenue	$3,085.2		$2,260.4	$ 824.8
Intersegment		$(165.0)	31.5	133.5
Total revenue	$3,085.2	$(165.0)	$2,291.9	$ 958.3
Operating income	$ 152.1	$(19.5)	$ 36.9	$ 134.7
Six Months Ended June 30, 2000				
Customer revenue	$3,265.8		$2,253.9	$1,011.9
Intersegment		$(233.9)	24.6	209.3
Total revenue	$3,265.8	$(233.9)	$2,278.5	$1,221.2
Operating income	$ 255.8	$ 17.6	$ 19.4	$ 218.8

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Total segment operating income	$ 56.0	$ 75.9	$171.6	$238.2
Interest expense	(17.6)	(18.7)	(33.5)	(39.2)
Other income (expense), net	15.7	23.9	28.7	30.1
Corporate and eliminations	(10.2)	4.2	(19.5)	17.6
Total income before income taxes	$ 43.9	$ 85.3	$147.3	$246.7

d. Comprehensive income for the three and six months ended June 30, 2001 and 2000 includes the following components (in millions of dollars):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2001	2000	2001	2000
Net income	$ 12.1	$ 36.5	$ 81.4	$143.0
Other comprehensive income (loss)				
Cumulative effect of change in accounting principle (SFAS No. 133), net of tax of $1.8			3.3	
Cash flow hedges				
Income (loss), net of tax of $.7 and $4.4	1.2		8.1	
Reclassification adjustments, net of tax of $(1.3) and $(2.6)	(2.3)		(4.9)	
Foreign currency translation adjustments, net of tax of $1.7, $5.7, $0, and $8.6	(59.3)	(35.0)	(60.8)	(32.1)
Total other comprehensive income (loss)	(60.4)	(35.0)	(54.3)	(32.1)
Comprehensive income (loss)	$(48.3)	$ 1.5	$ 27.1	$110.9

Accumulated other comprehensive income (loss) as of December 31, 2000 and June 30, 2001 is as follows (in millions of dollars):

	Total	Translation Adjustments	Cash Flow Hedges
Balance at December 31, 1999	$(570.4)	$(570.4)	$ -
Current-period change	(73.3)	(73.3)	
Balance as December 31, 2000	(643.7)	(643.7)	-
Current-period change	(54.3)	(60.8)	6.5
Balance at June 30, 2001	$(698.0)	$(704.5)	$ 6.5

e. The amount credited to stockholders' equity for the income tax benefit related to the company's stock plans for the six months ended June 30, 2001 and 2000 was $3.2 million and $9.3 million, respectively. The company expects to realize these tax benefits on future Federal income tax returns.

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

Overview

The company continues to manage its business profitability in a very challenging economic environment. As customers delayed planned IT projects and reduced expenses, the company saw weak demand and pricing pressures in key areas of its business, particularly for high-end enterprise servers and systems integration projects, which impacted revenue and margins in the quarter.

The following discussion of results of operations compares the results for the three and six months ended June 30, 2001 with both the as reported and pro forma results for the comparable periods of 2000. The pro forma results exclude low-margin commodity hardware business that the company has de-emphasized as a result of its focus on higher value-added business areas. For the three and six months ended June 30, 2000, financial highlights on an as reported and on a pro forma basis are as follows (in millions of dollars, except per share data):

	Three Months Ended June 30, 2000		Six Months Ended June 30, 2000	
	As Reported	Pro Forma	As Reported	Pro Forma
Revenue	$1,597.1	$1,423.8	$3,265.8	$2,953.6
Cost of revenue	1,116.3	950.6	2,245.7	1,947.6
Gross profit %	30.1%	33.2%	31.2%	34.1%
S,G&A	322.5	314.7	604.0	589.1
S,G&A as a % of revenue	20.2%	22.1%	18.5%	19.9%
Operating income	80.1	83.1	255.8	261.4
Operating income as a % of revenue	5.0%	5.8%	7.8%	8.9%
Income before extraordinary items	56.3	59.4	162.8	166.8
Diluted earnings per share - before extraordinary items	.18	.19	.51	.53

Results of Operations

For the three months ended June 30, 2001, the company reported net income of $12.1 million, or $.04 per diluted share, compared to $36.5 million, or $.12 per diluted share, for the three months ended June 30, 2000. Both periods include an extraordinary item for the early extinguishment of debt. The extraordinary charge was $17.2 million or $.05 per diluted share in the June 2001 quarter and $19.8 million or $.06 per diluted share in the June 2000 quarter. Excluding these items, income in the current period was $29.3 million, or $.09 per diluted share compared to $56.3 million, or $.18 per share in the year-ago period.

Total revenue for the quarter ended June 30, 2001 was $1.46 billion, down 8% from revenue of $1.60 billion for the quarter ended June 30, 2000. The decrease in revenue was principally due to lower sales of commodity products (discussed above) and enterprise servers. Excluding the negative impact of foreign currency translations, revenue in the quarter was down 3% when compared to the year-ago period. When compared to pro forma revenue of $1.42 billion for the second quarter of 2000, revenue for the current quarter increased 3% (8% on a constant currency basis).

Total gross profit was 27.2% in the second quarter of 2001 compared to 30.1% in the year-ago period, principally due to a lower mix of higher-margin products and services than in the year-ago quarter as well as pricing pressures.

For the three months ended June 30, 2001, selling, general and administrative expenses were $276.4 million (18.9% of revenue) compared to $322.5 million (20.2% of revenue) for the three months ended June 30, 2000. Research and development expense was $75.2 million compared to $78.2 million a year earlier. The decrease in these expenses reflected tight controls placed on discretionary spending during the quarter as well as the benefits of the restructuring actions announced in the fourth quarter of 2000.

For the second quarter of 2001, the company reported an operating income percent of 3.1% compared to 5.0% (5.8% on a pro forma basis) for the second quarter of 2000.

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

	Total	Eliminations	Services	Technology
Three Months Ended June 30, 2001				
Customer revenue	$1,461.4		$1,084.7	$376.7
Intersegment		$(82.9)	18.2	64.7
Total revenue	$1,461.4	$(82.9)	$1,102.9	$441.4
Gross profit percent	27.2%		19.2%	43.5%
Operating income percent	3.1%		0.9%	10.5%
Three Months Ended June 30, 2000 - As Reported				
Customer revenue	$1,597.1		$1,128.9	$468.2
Intersegment		$(109.8)	13.6	96.2
Total revenue	$1,597.1	$(109.8)	$1,142.5	$564.4
Gross profit percent	30.1%		20.5%	44.1%
Operating income percent	5.0%		0.0%	13.4%
Three Months Ended June 30, 2000 - Pro Forma				
Customer revenue	$1,423.8		$1,013.3	$410.5
Intersegment		$(107.5)	17.0	90.5
Total revenue	$1,423.8	$(107.5)	$1,030.3	$501.0
Gross profit percent	33.2%		22.2%	49.3%
Operating income percent	5.8%		0.0%	15.2%

In the Services segment, customer revenue was $1.08 billion, down 4% from $1.13 billion in the year-ago period, principally due to a decline in proprietary maintenance and lower sales of commodity products. The gross profit percent declined to 19.2% in the current quarter compared to 20.5% in the prior period, principally reflecting the startup of large outsourcing contracts, and a lower mix of higher-margin proprietary maintenance revenue in the quarter. Operating income percent increased to 0.9% in the current quarter from break even last year, principally due to a decline in selling, general and administrative expenses. Customer revenue in the Services segment increased 7% in the current quarter from pro forma revenue in the year-ago quarter.

In the Technology segment, customer revenue declined 20% to $377 million in the second quarter of 2001 from $468 million in the prior-year period, principally due to declines in ClearPath enterprise server revenue and lower commodity hardware sales. The gross profit percent was 43.5% in the current quarter compared to 44.1% in the prior period, reflecting the lower mix of higher-margin ClearPath server sales in the quarter. Operating profit in this segment declined to 10.5% in the current quarter from 13.4% in 2000, principally due to the gross profit decline. Customer revenue in the Technology segment declined 8% in the current period from pro forma revenue in the year-ago period.

Interest expense for the three months ended June 30, 2001 was $17.6 million compared to $18.7 million for the three months ended June 30, 2000. The decline was principally due to lower average borrowings.

Other income (expense), net, which can vary from quarter to quarter, was income of $15.7 million in the current quarter compared to $23.9 million in the year-ago quarter. The decrease was principally due to lower equity income in the current period compared to the prior-year.

Income before income taxes was $43.9 million in the second quarter of 2001 compared to $85.3 million last year. The provision for income taxes was $14.6 million in the current period (33% effective rate)compared to $29.0 million in the year-ago period (34% effective rate). The decline in the effective tax rate was principally due to tax planning strategies.

For the six months ended June 30, 2001, net income was $81.4 million, or $.26 per diluted share, compared to net income of $143.0 million, or $.45 per diluted share, last year. Both periods include an extraordinary item for the early extinguishment of debt, $17.2 million, or $.05 per share for the six months ended June 30, 2001, and $19.8 million, or $.06 per share for the six months ended June 30, 2000. Excluding these items, income in the current period was $98.6 million, or $.31 per share compared to $162.8 million, or $.51 per share in the year-ago period.

In September 2000, the Financial Accounting Standards Board issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This statement revises the accounting standards for securitizations and other transfers of financial assets and collateral and requires certain disclosures. This statement is effective for transfers and servicing of financial assets occurring after March 31, 2001. Adoption of SFAS No. 140 had no effect on the company's consolidated financial position, consolidated results of operations, or liquidity.

Financial Condition

Cash and cash equivalents at June 30, 2001 were $244.7 million compared to $378.0 million at December 31, 2000.

During the six months ended June 30, 2001, cash provided by operations was $10.0 million compared to a cash usage of $109.9 million for the six months ended June, 2000, principally reflecting an improvement in working capital management, mainly a higher level of advance payments under long-term contracts. Cash expenditures in the six months ended June 30, 2001 related to prior-year restructuring charges (which are included in operating activities) were $30 million compared to $14 million for the prior-year period, and are expected to be approximately $29 million for the remainder of 2001 and $22 million in total for all subsequent years, principally for work-force reductions and facility costs. Personnel reductions in the six months ended June 30, 2001 related to these restructuring actions were approximately 440 and are expected to be approximately 486 for the remainder of the year.

Cash used for investing activities for the six months ended June 30, 2001 was $140.5 million compared to $103.6 million during the six months ended June 30, 2000 principally due to lower net proceeds from investments.

Cash used for financing activities during the first half of 2001 was $4.4 million compared to cash used of $56.6 million in the prior year. The current period includes net proceeds from long-term debt of $341.2 million and payments of long-term debt of $342.3 million, as described below. Included in the prior period were payments of long-term debt of $444.6 million and net proceeds of $354.3 million from short-term borrowings.

At June 30, 2001, total debt was $765.6 million, an increase of $3.0 million from December 31, 2000.

In May 2001, the company issued $350 million of 8 1/8% senior notes due 2006. In June 2001, the company completed a cash tender offer for $319.2 million principal amount of its 11 3/4% senior notes due 2004. As a result of the tender, the company recorded an extraordinary after-tax charge of $17.2 million, net of $9.3 million tax benefit, or $.05 per diluted share, in the second quarter of 2001 for the premium paid, unamortized debt-related expenses and transaction costs of the tender offer.

In March 2001, the company entered into a new three-year $450 million unsecured credit agreement which replaced the $400 million three-year facility that was to expire in June 2001. As of June 30, 2001, $90.0 million was borrowed under this agreement at a rate of 5.6%. In addition, $20.0 million was borrowed under unsecured U.S. credit lines at a rate of 4.4%.

In April 2000, the company redeemed all of its $399.5 million outstanding 12% senior notes. The redemption was funded through a combination of cash and short-term borrowings. In March 2000, the company entered into an additional $150 million credit agreement expiring April 2001 for the purpose of funding this redemption. On April 12, 2001, the then outstanding balance was repaid at maturity and the agreement expired.

The company may, from time to time, redeem, tender for, or repurchase its debt 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 an effective registration statement covering $350 million of debt or equity securities, which enables the company to be prepared for future market opportunities.

At June 30, 2001, the company had deferred tax assets in excess of deferred tax liabilities of $1,301 million. For the reasons cited below, management determined that it is more likely than not that $992 million of such assets will be realized, therefore resulting in a valuation allowance of $309 million.

The company evaluates quarterly the realizability of its deferred tax assets and adjusts the amount of the related valuation allowance, if necessary. The factors used to assess the likelihood of realization are the company's forecast of future taxable income, and available tax planning strategies that could be implemented to realize deferred tax assets. Approximately $3.0 billion of future taxable income (predominantly U.S.) is needed to realize all of the net deferred tax assets. Failure to achieve forecasted taxable income might affect the ultimate realization of the net deferred tax assets. See "Factors that may affect future results" below.

Stockholders' equity increased $58.9 million during the six months ended June 30, 2001, principally reflecting net income of $81.4 million, $28.4 million for issuance of stock under stock option and other plans and $3.2 million of tax benefits related to employee stock plans, offset in part by currency translation of $54.3 million.

Conversion to the Euro Currency

On January 1, 1999, certain member countries of the European Union established fixed conversion rates between their existing currencies and the European Union's common currency (the "euro"). The transition period for the introduction of the euro began on January 1, 1999. The company is addressing the issues involved with the introduction of the euro. The more important issues facing the company include converting information technology systems, reassessing currency risk, and negotiating and amending agreements.

Based on progress to date, the company believes that the use of the euro will not have a significant impact on the manner in which it conducts its business. Accordingly, conversion to the euro is not expected to have a material effect on the company's consolidated financial position, consolidated results of operations, or liquidity.

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. 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. In addition to changes in general economic and business conditions and natural disasters, these include, but are not limited to, the factors discussed below.

The company operates in an industry characterized by aggressive competition, rapid technological change, evolving technology standards, and short product life-cycles.

Future operating results will depend on the company's ability to design, develop, introduce, deliver, or obtain new products and services on a timely and cost-effective basis; the success of the actions taken to focus on higher growth, e-business opportunities; on its ability to effectively manage the shift in its technology business into higher growth, standards-based server products; on its ability to mitigate the effects of competitive pressures and volatility in the information technology and services industry on revenues, pricing and margins; and on its ability to successfully attract and retain highly skilled people. In addition, future operating results could be impacted by market demand for and acceptance of the company's service and product offerings.

A number of the company's contracts are long-term contracts for network services, outsourcing, help desk and similar services, for which volumes are not guaranteed. Future results will depend upon the company's ability to meet performance levels over the terms of these contracts.

Certain of the company's systems integration contracts are fixed-price contracts under which the company assumes the risk for delivery of the contracted services at an agreed-upon price. Future results will depend on the company's ability to profitably perform these services contracts and bid and obtain new contracts.

The company frequently enters into contracts with governmental entities. Associated risks and uncertainties include the availability of appropriated funds and contractual provisions allowing governmental entities to terminate agreements in their discretion before the end of their terms.

The company has commercial relationships with suppliers, channel partners and other parties that have complementary products, services, or skills. Future results will depend in part on the performance and capabilities of these third parties. Future results will also depend upon 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.

Approximately 57% 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, and import or export licensing requirements.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

The company has previously reported, most recently in its Quarterly Report on Form 10-Q for the period ended March 31, 2001, its involvement in a consolidated class action lawsuit captioned In re: Unisys Corporation Securities Litigation, filed in the U.S. District Court for the Eastern District of Pennsylvania. The parties have executed a memorandum of understanding to settle this matter, the terms of which would not have a material adverse effect on the company's consolidated financial position, consolidated results of operations or liquidity. The settlement is subject to the execution of a definitive settlement agreement and approval of the court.

Item 4. Submission of Matters to a Vote of Security Holders

(a) The company's 2001 Annual Meeting of Stockholders (the "Annual Meeting") was held on April 26, 2001 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:

   Henry C. Duques - 262,591,091 votes for; 3,817,701 votes withheld

   Theodore E. Martin - 262,705,797 votes for; 3,702,995 votes withheld

   Lawrence A. Weinbach - 262,727,266 votes for; 3,681,526 votes withheld

2. A proposal to ratify the selection of the company's independent auditors - 256,239,167 votes for; 10,169,625 votes against; 1,540,483 abstentions

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

See Exhibit Index

(b) Reports on Form 8-K

During the quarter ended June 30, 2001, the company filed a Current Report on Form 8-K, dated May 10, 2001, to report under items 5 and 7 of such Form.

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: July 19, 2001

By: /s/ Janet M. Brutschea Haugen

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

EXHIBIT INDEX

Exhibit Number	Description
12	Statement of Computation of Ratio of Earnings to Fixed Charges

Exhibit 12

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

	Six Months Ended June 30,	Years Ended December 31				
	2001	2000	1999	1998	1997	1996
Fixed charges						
Interest expense	$ 33.5	$ 79.8	$127.8	$171.7	$233.2	$249.7
Interest capitalized during the period	5.8	11.4	3.6	-	-	-
Amortization of debt issuance expenses	1.3	3.2	4.1	4.6	6.7	6.3
Portion of rental expense representative of interest	21.1	42.2	46.3	49.1	51.8	59.8
Total Fixed Charges	61.7	136.6	181.8	225.4	291.7	315.8
Earnings						
Income (loss) from continuing operations before income taxes	147.3	379.0	770.3	594.2	(748.1)	80.2
Add (deduct) the following:						
Share of loss (income) of associated companies	(12.1)	(20.5)	8.9	(.3)	5.9	(4.9)
Amortization of capitalized interest	2.3	2.2	-	-	-	-
Subtotal	137.5	360.7	779.2	593.9	(742.2)	75.3
Fixed charges per above	61.7	136.6	181.8	225.4	291.7	315.8
Less interest capitalized during the period	(5.8)	(11.4)	(3.6)	-	-	-
Total earnings (loss)	$193.4	$485.9	$957.4	$819.3	$(450.5)	$391.1
Ratio of earnings to fixed charges	3.13	3.56	5.27	3.63	*	1.24

* Earnings for the year ended December 31, 1997 were inadequate to cover fixed charges by approximately $742.2 million.